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[ISSUED SATURDAY, 11TH OCTOBER, 1919.]



COMMONWEALTH OF AUSTRALIA.

# PARLIAMENTARY DEBATES.

SECOND SESSION, 1917-18-19.

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# SEVENTH PARLIAMENT.

SECOND SESSION.

## Governor-General.

His Excellency the Right Honorable Sir RONALD CRAUFURD MUNRO FERGUSON, a Member of His Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, and Commander-in-Chief in and over the Commonwealth of Australia.

## Australian National War Government.

(From 17th February, 1917, to 8th January, 1918.)

Prime Minister and Attorney-General	... The Right Honorable William Morris Hughes, P.C.
Minister for the Navy	... The Right Honorable Joseph Cook, P.C.
Treasurer	... The Right Honorable Sir John Forrest, P.C., G.C.M.G.
Minister for Defence	... The Honorable George Foster Pearce.
Vice-President of the Executive Council	... The Honorable Edward Davis Millen.
	<i>Succeeded by</i>
Minister for Repatriation	... The Honorable Littleton Ernest Groom (16th November, 1917).
Minister for Works and Railways	... The Honorable Edward Davis Millen (from 28th September, 1917.)
Minister for Home and Territories	... The Honorable William Alexander Watt.
Minister for Trade and Customs	... The Honorable Patrick McMahon Glynn, K.C.
Postmaster-General	... The Honorable Jens August Jensen.
Honorary Minister	... The Honorable William Webster.
Honorary Minister	... The Honorable Edward John Russell.

## Australian National War Government.

(From 10th January, 1918.)

Prime Minister and Attorney-General	... The Right Honorable William Morris Hughes, P.C., K.C.
Minister for the Navy	... The Right Honorable Sir Joseph Cook, P.C., G.C.M.G.
Treasurer	... The Right Honorable Lord Forrest, P.C., G.C.M.G.
	<i>Succeeded by</i>
Minister for Defence	... The Honorable William Alexander Watt (27th March, 1918).
Minister for Repatriation	... The Honorable George Foster Pearce.
Minister for Works and Railways	... The Honorable Edward Davis Millen.
Minister for Home and Territories	... The Honorable William Alexander Watt.
Minister for Trade and Customs	... The Honorable Patrick McMahon Glynn, K.C.
	<i>Succeeded by</i>
Postmaster-General	... The Honorable Jens August Jensen.†
Vice-President of the Executive Council	... The Honorable William Alexander Watt (13th December, 1918).
	<i>Succeeded by</i>
Honorary Minister	... The Honorable Walter Massy Greene (17th January, 1919.)
	<i>Succeeded by</i>
Honorary Minister	... The Honorable William Webster.
Honorary Minister	... The Honorable Littleton Ernest Groom.
	<i>Succeeded by</i>
Honorary Minister	... The Honorable Edward John Russell (27th March, 1918).
Honorary Minister	... The Honorable Edward John Russell.
	<i>(Appointed Vice-President of the Executive Council, 27th March, 1918.)</i>
Honorary Minister	... The Honorable Alexander Poynton.*
Honorary Minister	... The Honorable George Henry Wise.*
Honorary Minister	... The Honorable Walter Massy Greene.*
	<i>(Appointed Minister for Trade and Customs, 17th January, 1919.)*</i>
Honorary Minister	... The Honorable Richard Beaumont Orchard.**

\* Appointed 26th March, 1918.—† Removed from office, 13th December, 1918.—\*\* Resigned from office, 31st January, 1919.

## Senators.

President—Senator the Honorable Thomas Givens.

Chairman of Committees—Senator John Wallace Shannon.

<sup>1</sup> Bakhap, Thomas Jerome Kingston (T.)	Lynch, Hon. Patrick Joseph (W.A.)
Barker, Stephen (V.)	Maughan, William John Ryott (Q.)
Barnes, John (V.)	McDougall, Allan (N.S.W.)
Bolton, Lieut.-Col. William Kinsey (V.)	Millen, Hon. Edward Davis (N.S.W.)
Buzacott, Richard (W.A.)	†Muleahy, Hon. Edward (T.)
Crawford, Thomas William (Q.)	Needham, Edward (W.A.)
De Largie, Hon. Hugh (W.A.)	Newland, John (S.A.)
Earle, Hon. John (T.)	O'Keefe, Hon. David John (T.)
Fairbairn, George (V.)	O'Loughlin, Lieut.-Col. Hon. James Vincent, V.D. (S.A.)
Ferricks, Myles Aloysius (Q.)	Pearce, Hon. George Foster (W.A.)
Foll, Hattil Spencer (Q.)	Plain, William (V.)
Gardiner, Hon. Albert (N.S.W.)	Pratten, Herbert Edward (N S W.)
Givens, Hon. Thomas (Q.)	Reid, Matthew (Q.)
Grant, John (N.S.W.)	Rowell, Col. James, C.B. (S.A.)
Guthrie, Robert Storrie (S.A.)	Russell, Hon. Edward John (V.)
Guy, James (T.)	Senior, William (S.A.)
Henderson, George (W.A.)	Shannon, John Wallace (S.A.)
Keating, Hon. John Henry (T.)	Thomas, Hon. Josiah (N.S.W.)
<sup>1</sup> Long, Hon. James Joseph (T.)	

1 Appointed Temporary Chairman of Committees, 12th July, 1917.—\* Resignation reported, 20th December, 1918.

† Appointed by State Parliament, 15th January, 1919.—\*\* Sworn 26th June, 1919.

Sir, it is with profound grief that I move this motion, and my feelings will be shared by every man in this House, especially by those who were privileged to know Mr. Deakin as their colleague in this place. He was a man whose name has entwined itself about our history. He was one of the makers of Australia. He was one of those distinguished men who framed the Constitution under which this Parliament and this Commonwealth was established. He was a man who devoted himself to the service of his fellow citizens; and he dies now in the service of his country no less truly than if he had been stricken on the field of battle. His health had been failing these last two or three years, broken with the great strain of public duty. He was in every sense of the word a most distinguished citizen, and his reputation extended far beyond the boundaries of the State of which he was a native. It was a household word throughout the Commonwealth, and he had achieved also, in the greater world beyond the seas, an honoured name as one of the builders of the Empire, one of the keepers of the outposts, a man who was, in every sense of the word, worthy to stand beside the very best that the British race has produced. He was, perhaps, the most eloquent man in our time, for few, if any, have been gifted with the powers of oratory that were his. He had a charm of manner which endeared him to us all. It has been my lot, as it has been, I suppose, that of nearly every man in this House who sat with him, to disagree with him at times, but none of us was able ever to regard him as other than a personal friend. He has gone, but he leaves behind him a memory that will not readily fade. He has played a great part in our history. He has done great things for Australia, and he has died in her service. We, who have been so long associated with him in public life, mourn our loss. Our sincerest sympathies go out to his widow and family, and we desire by this motion to place on record how much we regret that he who was so long our colleague and our friend has been taken from us.

**Mr. TUDOR (Yarra) [3.6].**—On behalf of honorable members on this side, I can express absolute agreement with everything the Prime Minister has said concerning the late Alfred Deakin. He was

one of the fathers of Federation, and think he was the only man who took part in the three gatherings—the 1890 Conference, the 1891 Convention, and, finally, the Convention which framed the Constitution under which we are working. Those of us who knew him in the House will agree that, even when party strife was bitter—and it was as bitter then as it is to-day—he was never anything but considerate towards his opponents. Never on any occasion that I can remember did he lose his head and say an unkind word about any one else. Those of us who knew him best appreciate his worth. We have said in this House on many occasions that the life which public men lead is a strenuous one, and accountable for the early death of a number. That can be more truly said of Alfred Deakin, I think, than of any other man. His work in the Federal arena contributed to his breakdown. He worked hard, and we know well that, right from 1901 to 1913, he was an untiring and zealous worker in the Federal movement. Our sincerest sympathies go out to those whom he has left behind.

**Sir ROBERT BEST (Kooyong) [3.9].**—I suppose I may be regarded as the oldest friend, both in public and private life, of the honorable gentleman who has just passed away. I do not believe this House has ever been more greatly moved than it is on this occasion, when motions of a similar character have been submitted. It was my privilege to be acquainted with Mr. Deakin for at least twenty-five years in public life prior to his retirement, and for some years as a private friend anterior to that. I was associated with him, moreover, in two Administrations. That lengthy period gave one the opportunity of knowing the real man, his nobility of character, and charming personality. He had a most lovable nature. His modesty, his simplicity, and his tender regard for the feelings of others compelled us to regard him with affection. Those of us who were privileged to be associated with him closely in public affairs know how devoted he was to the public service of the Commonwealth and the Empire. He gave all that was in him to his country and Empire, under the strain of which his health failed. His long and pathetic illness adds to our sorrow. We have all sat under the

well of his wonderful oratory, and admired his brilliant parts and outstanding ability; and we now realize that Australia has indeed lost one of her greatest sons. We pay this tribute with deep-felt emotion, trusting that the great name of Alfred Deakin will ever be cherished in the annals of Australia.

**Sir JOSEPH COOK** (Parramatta—Minister for the Navy) [3.12].—As a colleague of the late Honorable Alfred Deakin, I would like to say one or two words. It was only a few moments ago that I learnt of his death, and I was profoundly moved on hearing that the end had come. He had lain under the shadow of it for a long time, but with the coming of the end one realized that there had passed from our midst a very great Australian figure. In many respects he was the embodiment of Australian life. Certainly he was the embodiment of all the best elements of it. The passion for his country which throbbed in his heart always, the devotion to its highest and best interests, the sacrifices he made for it, the splendid talents with which he contributed towards its upbuilding and permanency, measure the patriotism of the man and his devotion to the country he loved so well. Therefore, to-day we appropriately bear tender tribute to his memory. There are few men in Australia who have written their names more ineffaceably in the public life of this country than has the Honorable Alfred Deakin. To those he has left behind him, to whom he was devotedly attached, and who, in turn, were devotedly attached to him, our sympathies go out in generous measure; and I venture to say that it will be some consolation to them to realize that, although he has been absent from our deliberations here for some years, he has not been forgotten by men who still honour and revere him as an extraordinary man in every way, and as one who was worthy of the love and affection of the whole of the people of Australia.

Question unanimously resolved in the affirmative, honorable members rising in their places.

Motion (by Mr. HUGHES) agreed to—

That Mr. Speaker be requested to transmit to Mrs. Deakin the foregoing resolution, and a copy of the speeches delivered thereon.

### SPECIAL ADJOURNMENT.

Motion (by Mr. HUGHES) agreed to—That the House, at its rising, adjourn until 2.30 p.m. to-morrow.

### ADJOURNMENT.

**Mr. HUGHES** (Bendigo—Prime Minister and Attorney-General) [3.16].—As a mark of respect to the memory of the late Honorable Alfred Deakin, I move—

That the House do now adjourn.

**House adjourned at 3.17 p.m.**

## Senate.

*Wednesday, 8 October, 1919.*

The **PRESIDENT** (Senator the Hon. T. Givens) took the chair at 3 p.m., and read prayers.

### DEATH OF THE HONORABLE ALFRED DEAKIN.

**Senator RUSSELL** (Victoria—Vice-President of the Executive Council, and Acting Minister for Defence) [3.1].—(By leave.)—I move—

That the Senate places upon record its profound sorrow at the death of Mr. Alfred Deakin; its appreciation of his lifelong devotion to duty and his great public services; and its sincere sympathy with his widow and family.

In submitting this motion I share in the feelings of sincere regret with which I am sure every member of the Senate regards the occasion for it. The late Mr. Alfred Deakin was known to many of us, and, speaking for myself, I was, as a boy in Victoria, impressed by his outstanding position in the politics of this State. Subsequently he was known in a wider area as an Australian statesman who displayed great ability in his endeavours, in co-operation with other great Australian leaders of the movement, to bring about Federation. For over thirty years he was in politics, but, although he had many differences with others in regard to political principles, it was said of him that he never had a personal difference with any of the political colleagues with whom he was associated, either as members of a Ministry or as members of a Parliament.

If his death was not directly attributable to his long public service, there can

be little doubt that he sacrificed many years of his life on the altar of public duty. He was considered to be one of the most eloquent men Australia has produced, and certainly the most eloquent man of his time. His reputation as a statesman extends beyond Australia. He has been recognised throughout the length and breadth of the Empire as an orator, statesman, and gentleman.

His work was of a very high character indeed. However much he may have differed from others upon details, he always endeavoured to strike a high humanitarian and national note. His work is now accomplished, and the circumstances of his death once more illustrate the great strain imposed upon the men who are compelled by choice or circumstances to devote a considerable time to public duty.

Mr. Deakin would have adorned any Parliament in which he sat. He was always gentlemanly, courteous, and brilliant, and at all times ready to sacrifice himself in the interests of his country and of his fellow-men. By his death Australia has lost one of her finest examples of manhood, both in private and public life.

To those whom he has left behind to mourn his loss we extend our sincere sympathy; to his widow, who has herself done noble public service, and to the daughters of the family, who, we may hope, will continue to follow his very worthy and inspiring example.

**Senator GARDINER** (New South Wales) [3.4].—It is with the deepest feeling of regret that, on behalf of honorable senators on this side, I associate myself with every word that has fallen from Senator Russell as Leader of the Senate, in submitting the motion which is now before us. By the death of Mr. Alfred Deakin Australia has lost its greatest Australian, so far as the public life of this country is concerned, for the past quarter of a century. I always looked on him as the soul of honour and as a leader who stood unchallenged, with a high regard for not only his own personal character, but also for the character of the Parliaments in which he sat.

The parts which he played need not be enumerated, but I remember how proud my young Australian heart was when the Australian delegates who took the Convention Bill to Great Britain left the shores of this country, because Alfred

Deakin, Edmund Barton, and Charles Kingston were the men deputed to carry that measure to the Home Land. The manner in which their distinguished services were carried out was what might have been expected from men who could measure themselves with the world's best.

For the loss of a great man Australia mourns, and we participate in that mourning. I join the Minister who submitted the motion, and the Senate, in extending our deepest sympathy to the loved ones who have been left behind.

**Senator KEATING** (Tasmania) [3.7].—I, too, with very sincere regret, rise to support the motion so ably moved by the Vice-President of the Executive Council and seconded by the Leader of the Opposition. I ask leave to say a few words because of my long personal, and also of my political, association with the late Mr. Alfred Deakin. It must be now some twenty-two years since I first made his acquaintance in my native city of Hobart. He was then in Hobart for a session of the Federal Council, and I presided at a meeting in the local Town Hall which he addressed. On the morrow the Premiers of the six Colonies of Australia were to assemble with a view to take some action to further the cause of Federation. I well remember the speech Mr. Deakin delivered on that occasion. It was the first speech which the people of Tasmania had the privilege of hearing from his lips. In that address Mr. Deakin, with the true vision of a prophet, outlined almost everything that was done by the Premiers on the next and following days, which ultimately resulted in the Federal Enabling Bill being submitted to the several Legislatures, the Federal Convention being elected, and the draft Constitution being framed and submitted to the people. From that time onward I had a close personal friendship with Mr. Deakin. Later, when I entered political life, I did so with the extraordinary advantage and privilege of that friendship, and also of a friendship with the late Mr. Justice O'Connor, who was then Vice-President of the Federal Executive Council and Leader of the Senate.

With all that has been said by the mover and seconder of the motion I associate myself. Mr. Deakin was a man of very high ideals and of magnificent and noble character. Always chivalrous, and generous to a fault, he might well be

called the Bayard of Australian political life. Although Providence had endowed him richly with great outstanding talents and abilities, and with great qualities of mind and heart, it seemed to me that in respect of his talents and qualifications he always regarded himself merely as a trustee for his country, Australia, and his countrymen, the people of this Commonwealth.

In whatever he did in public life he was animated by a sincere desire for the prosperity and progress of Australia and Australians. When abroad he achieved the wider reputation to which the Minister has referred, but he still seemed to think that every tribute paid by the people of other countries to his great outstanding abilities was paid, not to himself, but to Australia and Australians. He accepted every mark of appreciation of his services as bestowed on him on behalf of the people of Australia. Great as was his capacity, he was always modest, always unassuming, and always most careful of the feelings and susceptibilities of others. He fought many strenuous fights, but he left no personal antagonisms. I am thoroughly satisfied that the motion which has been submitted to the Senate expresses the sentiments of the whole of the people of the Commonwealth, not merely in respect to the memory of Alfred Deakin, but also in respect to the sympathy which we seek to extend to his noble wife and his family, for, as the Vice-President of the Executive Council has already said, they, too, have taken a creditable part in the public life of Australia. I sincerely believe that the ideals which Mr. Deakin cherished, and the conduct which characterized his life, both public and private, may always be regarded as the highest exemplars for Australians to cherish and follow.

Question resolved in the affirmative.

#### SPECIAL ADJOURNMENT.

**Senator RUSSELL** (Victoria—Vice-President of the Executive Council) [3.11].—As a mark of respect to the memory of the late Honorable Alfred Deakin, I move—

That the Senate do now adjourn.

Question resolved in the affirmative.

Senate adjourned at 3.12 p.m.

#### House of Representatives.

Wednesday, 8 October, 1919.

Mr. SPEAKER (Hon. W. Elliot Johnson) took the chair at 2.30 p.m., and read prayers.

#### NAVAL WELFARE COMMITTEE.

Mr. MATHEWS.—According to a press statement, a Naval Welfare Committee, composed of fifty-four representatives of the lower deck, has been formed in Great Britain to enable the men of the lower deck to represent their views directly to the British Admiralty, and an Advisory Committee of eighteen men will assemble at an early date at the Admiralty. The press report goes on to state that, “There is much satisfaction at the Admiralty’s policy of establishing this direct avenue.” I wish to ask the Minister for the Navy whether, following the policy of the British Admiralty, his Department will give the lower deck men in the Australian Naval Service the same opportunity to appeal direct to him on matters appertaining to their interests?

Sir JOSEPH COOK.—I also observed in the press the statement referred to by the honorable member. The Commonwealth Naval authorities have already taken a similar course. A Welfare Committee, on which there are representatives of the lower deck ratings, is already at work.

Mr. WEST.—But that committee consists of ships’ officers as well as men of the lower deck.

Sir JOSEPH COOK.—I understand that in this respect we are following exactly what has been done in the British Navy.

Mr. MATHEWS.—I understand that the men of the lower deck have to appeal to the Minister through their officers.

Mr. SPEAKER (Hon. W. Elliot Johnson).—Order! The question cannot be debated.

Sir JOSEPH COOK.—I do not know what the honorable member means by his

statement as to the men having to appeal through their officers. At the present time, on the ships of the Australian Navy, there are Welfare Committees on which the lower deck ratings are fully and completely represented. My own impression is that we are following exactly on the lines laid down by the British Admiralty; but, in order to make that point clear, I shall look into the matter, and will advise the honorable member.

#### VISCOUNT ADMIRAL JELLIFFE'S REPORT.

Lt.-Colonel ABBOTT.—Will the Minister for the Navy state when Admiral Viscount Jellicoe's report to the Commonwealth Government, or so much of it as can be made public, will be laid before honorable members?

Sir JOSEPH COOK.—I hope at an early date.

Lt.-Colonel ABBOTT.—May I ask whether the report will be tabled before the session closes?

Sir JOSEPH COOK.—I hope it will be laid on the table of the House before the session closes. If the honorable member will give notice of his question, I will see that he receives a definite answer.

#### EXPORT OF BASE METALS.

##### REPORT OF AUSTRALIAN METAL EXCHANGE.

Mr. GREGORY.—Last week I asked the Prime Minister (Mr. Hughes) whether he would lay on the table of the House or the Library the majority and minority reports of the Australian Metal Exchange in regard to the export of base metals. The matter is urgent, and, in the absence of the Prime Minister, I ask the Minister for the Navy whether he will have the report at once laid on the House or Library table, so that honorable members may peruse it?

Sir JOSEPH COOK.—The question is obviously within the purview of the Prime Minister's Department, and I therefore suggest to my honorable friend that he should give notice of it. Meantime, I will call the Prime Minister's attention to the inquiry as soon as he returns to town this afternoon.

#### DATE OF GENERAL ELECTION.

Mr. HIGGS.—Will the Deputy Leader of the Government state whether the Cabinet objects to inform the people of Australia of the approximate date on which it is proposed to hold the general election for the House of Representatives and another place?

Sir JOSEPH COOK.—I suggest to my honorable friend that he should address his question to the Minister for Home and Territories, whose Department controls the electoral arrangements.

Mr. HIGGS.—May I ask the Minister for Home and Territories whether he has yet made up his composite mind as to the date on which the Federal elections shall be held?

Mr. GLYNN.—I confess that, owing to the honorable member's persistency, my mind is not very much composed at present. I cannot for the moment say on what date the general election will be held.

#### ACCUMULATION OF PRIMARY PRODUCTS.

Mr. FALKINER.—I desire to ask the Minister in charge of the House whether, having regard to the importance of the matter and its bearing on the ability of taxpayers to pay the taxation levied on them, he will make a statement as to what the Government intend to do, or are doing, in relation to the huge carry-over of wool, canned meats, hides, pelts, tallow, and all other Australian primary products? Do the Government intend to try to get the produce exported in less time than the two years which the Chairman of the Overseas Shipping Board says will be occupied, at the present rate of progress?

Sir JOSEPH COOK.—An answer to that question, even if I were in a position to give it, would occupy quite an hour. If the honorable member regards the matter as sufficiently important to be made the subject of question and answer, he should give notice of his question. What he is asking for is a comprehensive statement of the Government's intentions for the next two years.

Mr. FALKINER.—I desire only a short statement as to whether the Government intend to expedite shipping.

Sir JOSEPH COOK.—I am unable to answer that question without notice.

## RANDWICK WIRELESS WORKS.

Mr. JENSEN.—As one who is very much interested in the report of Lord Jellicoe on the naval defence of Australia, and especially upon the Randwick Wireless Works, which he and his advising engineer visited, and the purchase of which was recommended to Cabinet by me when I was a Minister of the Crown, I desire to know definitely from the Minister of the Navy when that report will be tabled? I do not desire the Government to disclose any confidential information regarding naval defence, but I do think—

Mr. SPEAKER (Hon. W. Elliot Johnson).—Order! The honorable member must not debate the matter.

Mr. JENSEN.—In view of the fact that this report has been in the hands of the Government for three months, it is due to me that I should be allowed to know Lord Jellicoe's opinion regarding the Randwick Wireless Works. I demand that that report be immediately placed upon the table, because my honour is at stake.

Sir JOSEPH COOK.—I shall be glad if the honorable member will repeat that question to-morrow. I hope it may be possible then for me to give him an answer.

Mr. JENSEN.—I desire to know why the Government are able to deal with the reports of some Royal Commissions in forty-eight hours—for instance, the report made upon my own administration as Minister for the Navy—and yet find it necessary to delay for three months dealing with the report of Lord Jellicoe?

Mr. RILEY.—Because it is favorable to the honorable member.

Mr. JENSEN.—That is the reason. I have suffered enough, and I shall not suffer any longer for anybody.

Sir JOSEPH COOK.—All I can say is that I hope the Government will be able to get the honorable member what he desires at the earliest possible moment.

## WAR SERVICE HOMES.

Mr. GREGORY.—A little time ago I received a promise from the then Assistant Minister for Repatriation that a report would be presented to the House showing

the progress made in the erection of war service homes. Will that report be available shortly?

Mr. GREENE.—The Department is collecting the necessary information, and I hope to be able to make a statement to the House some time this week.

## ORDER OF BUSINESS.

Mr. TUDOR.—I ask the Acting Prime Minister to let the House know what business is to be proceeded with to-day.

Sir JOSEPH COOK.—The Budget.

Mr. TUDOR.—Following the delivery of the Budget speech, will other business be proceeded with, or will honorable members be expected to continue the Budget debate?

Sir JOSEPH COOK.—It is usual, after the Budget has been delivered, to proceed at once with the Works Estimates. Probably that will be done on this occasion.

## CUSTOMS BILL.

Mr. MATHEWS.—Can the Minister for Trade and Customs inform the House whether an opportunity will be given, before the dissolution of Parliament, to deal with the Customs Bill, which is now the second Order of the Day?

Mr. GREENE.—I stated previously, in answer to a similar question by the honorable member, that the date when we shall be able to deal further with the Customs Bill will depend entirely upon the course of business in this House.

## CONCILIATION AND ARBITRATION ACT.

Mr. BLAKELEY asked the Attorney-General, upon notice—

Will the Government take into consideration the necessity for amending the Commonwealth Conciliation and Arbitration Act so as to provide against employers being allowed to have legal representation for the purpose of delaying by technical objections the registration of organizations, such as, it is alleged were employed by the Theatrical Managers' Association in the cancellation of registration of the Actors Federation?

Mr. GROOM (for Mr. HUGHES).—It is not clear from the honorable member's question what is the scope of the amendment which he suggests. Under section 27 of the Act, no party on the hearing of an industrial dispute can be represented

by counsel or solicitor, except by consent of all parties; but, if the honorable member means that neither party should be allowed legal representation in any proceedings under the Act, I do not think that that would conduce to better or more speedy administration.

### EXPORT OF FLOUR.

Mr. PIGOTT asked the Minister for Trade and Customs, *upon notice*—

1. Has he noticed the statement made by Mr. G. W. Walker, at the Farmers' and Settlers' Conference in Sydney, on the 19th ultimo, to the effect that he (Mr. Walker) had arranged to sell flour made from weevily wheat to the value of £500,000 cash, f.o.b., Sydney, to a British firm at a price which would have yielded 7s. 6d. net to the Wheat Pool (as reported in the *Sydney Morning Herald* of the 20th ultimo, page 17)?

2. If so, will he state why the Advisory Board to the Central Wheat Board refused its sanction to what is considered to be a highly satisfactory sale?

Mr. GREENE.—The answers to the honorable member's questions are as follows:—

1. Yes.

2. The State of New South Wales had no authority whatever to make arrangements for the export of flour to Egypt, which it is understood was the destination of the flour referred to. The Australian Wheat Board recognised that the best results for wheat-growers could be obtained from such destinations only if the Board were the sole seller, and if freight were chartered through the chartering agents only. The sales from New South Wales conformed to neither of these conditions. Flour business with Egypt was done by the Wheat Board on much more favorable terms for wheat-growers than the unauthorized business referred to. When in England, the Prime Minister found that the legitimate business of the Australian Wheat Board was hampered by unauthorized offers of Australian flour. It is quite incorrect to say that the Advisory Board refused its sanction to the sale.

### DEPARTMENTAL ECONOMIES.

#### ROYAL COMMISSION'S REPORT.

Mr. RICHARD FOSTER asked the Prime Minister, *upon notice*—

When will he lay on the table of the House the progress report of the Royal Commission on Departmental Economies which was submitted to the Government same weeks ago?

Sir JOSEPH COOK (for Mr. HUGHES).—The Acting Treasurer (Mr. Poynton) will make an announcement in relation to this matter in the course of his Budget speech this afternoon.

### AUSTRALIA HOUSE: SALARIES AND UPKEEP.

Mr. JOHN THOMSON (for Mr. FLEMING) asked the Prime Minister, *upon notice*—

Will he furnish the House with a statement showing the individual salaries paid in Australia House, London, and the total cost of the upkeep of that establishment for each year since its inception?

Sir JOSEPH COOK (for Mr. HUGHES).—The following tables give the information desired by the honorable member:—

#### SALARIES — HIGH COMMISSIONER'S STAFF.

Designation.	Name.	Salary.
Official Secretary	Box, E. A.	1,000 per annum. £
Medical Officer	Norris, Dr. W. G.	800
Assistant Secretary	Hogben, G. J.	700
Chief Clerk	Arkill, A. W.	500
Sub-Accountant	Fay, A. J.	400*
Private Secretary	Wilson, R. V.	198†
Publicity Officer	Smart, H. C.	624
Supply Officer	Reid, W.	340
Clerk	Ellison, H. K.	340
"	Blake, R. O. C.	335
"	Faraker, F. C.	335
"	Ellison, K. S.	310
"	Corley, T. F.	310
"	Perryman, H. W.	260
"	Verbrugge, H. E.	245
"	Murphy, E.	220
"	Cosier, H. E.	210
"	Gann, W. P.	210
"	Holmes, A. R.	168
"	Essayie, J. H.	156
"	Burne, F. G.	156
"	Thomas, E. P.	102
"	Essayie, J. W.	• 84
Controller	Davidson, J. S. B.	335
Storeman	Huggett, S.	192
Chief Messenger	Withers, A. E.	156
Senior Messenger	Clarke, W. J.	138
Caretaker	Finnegan, W.	180

\* Allowance, £40. † Allowance, £202.

#### TEMPORARY ASSISTANCE (APPROXIMATELY 106).

Clerks	..	..	..	46
Typists	..	..	..	33
Supervisor	..	..	..	1
Assistants	..	..	..	2
Messengers	..	..	..	15
Telephonists	..	..	..	3
Chauffeurs	..	..	..	2
Carpenter	..	..	..	1
Storeman	..	..	..	1
Assistant storeman	..	..	..	1

105

## OTHER STAFF FOR UPKEEP OF AUSTRALIA HOUSE (APPROXIMATELY 70.)

Engineer	1
Typiste	1
Porter	1
Assistant porters	2
Supervisor of cleaners	1
Office cleaners	48
Night watchman	1
Door attendants	1
Lift attendants	4
Stokers	4
Assistant	1
Window cleaners	2
Polishers	3
	—
	70
	—

## HIGH COMMISSIONER'S OFFICE.

Statement of Expenditure since 1905-6.

Financial year—

1905-6	£2,350
1906-7	2,427
1907-8	3,121
1908-9	4,550
1909-10	5,656
1910-11	20,498
1911-12	17,506
1912-13	24,225
1913-14	27,007
1914-15	39,614
1915-16	30,565
1916-17	31,484
1917-18	51,023
1918-19	65,662

## H.M.A.S. AUSTRALIA.

## COURT MARTIAL: REMISSION OF SENTENCES.

Mr. WEST asked the Prime Minister, upon notice—

1. Will he state the reason for the delay in complying with the strongly-expressed public opinion that the men who received sentences on *H.M.A.S. Australia* should be released?

2. Is it a fact that the control of the Australian Navy was taken over by the Commonwealth Government from the British Admiralty on the 1st August, 1919?

Sir JOSEPH COOK (for Mr. HUGHES).—The answers to the honorable member's questions are as follow:—

1. As already announced, strong recommendations for mercy were made in these cases by the Commonwealth Government, and the Admiralty undertook to give the matter consideration as soon as reports of the proceedings came to hand. The Prime Minister hopes to be able to make a further statement on the subject very shortly.

2. Yes.

## CITIZEN FORCES: DRILLS.

Mr. FENTON asked the Assistant Minister for Defence, upon notice—

1. Whether it is true that for the coming twelve months there will be no training or

drills in connexion with the Citizen Defence Forces?

2. If so, on what date will drills cease?

Mr. WISE.—The answers to the honorable member's questions are as follows:—

1. For this financial year it is intended to suspend training of the Citizen Forces, other than that of schools of instruction for officers and non-commissioned officers.

2. Orders have been issued to the above effect, but provision has been made this year for a compulsory parade, not exceeding one half-day, to arrange for the enrolment in the Forces of the 1901 quota.

## COMMONWEALTH STEAMERS.

Mr. WEST asked the Prime Minister, upon notice—

Will the Government at an early date use the Commonwealth-owned steamers to convey from Lord Howe and Norfolk Islands passengers, and also primary productions, and other cargoes much needed on the mainland?

Sir JOSEPH COOK (for Mr. HUGHES).—The primary object of the Commonwealth Line of Steamers is to assist the producers of Australia in placing their products on the markets of the United Kingdom and other portions of the world. If, however, it can be shown that the existing facilities are inadequate for the proper handling of the products of the islands mentioned, the honorable member's request will receive consideration.

## WHEAT POOLS: SHORTAGE.

Mr. FENTON asked the Minister for Trade and Customs, upon notice—

1. Whether it is a fact that very serious allegations are being made by people in responsible positions that there is a serious shortage of wheat in connexion with the 1915-16 "Pool," and that such shortage is being made up from succeeding "Pools"?

2. Will the Minister appoint a commissioner or an auditor to inquire into the operations of the "Pools" in all the States, so that the people may be made aware of the true state of affairs in connexion with all the wheat "Pools"?

• Mr. GREENE.—The answers to the honorable member's questions are as follows:—

1. It is not known that such allegations are being made.

2. The States at the present time are making surveys of their wheat stacks, with a view to estimating as closely as possible the quantity of wheat of each season on hand. The result will be published as soon as known. The suggested appointment is not considered necessary.

## CONSUMPTIVE SANATORIUM, HOBART.

Mr. LAIRD SMITH asked the Assistant Minister for Defence, *upon notice*—

1. Whether the Minister has received the official report of the Military Court of Inquiry into the death of Private Minnie at the Consumptive Sanatorium, Hobart, Tasmania?

2. If so, what action has been taken to prevent a similar calamity happening to other returned men under treatment in the sanatorium?

3. Will the Minister take into consideration a scheme for the improved treatment in Tasmania of returned soldiers suffering from consumption?

Mr. WISE.—The answers to the honorable member's questions are as follow:—

1. A full report of the official inquiry into Private Minnie's death has been received.

2. It is understood that disciplinary measures are being taken by the Committee of Management of the Institution. The local military authorities are assisting in a solution of the difficulties which have been disclosed.

3. It is considered that, while certain defects in the present scheme of treatment were disclosed by the investigation, these are in process of rectification. The more serious errors revealed were in the administration of the scheme. Better administration will, undoubtedly, follow the measures now taken.

## MEAT: IMPERIAL CONTRACTS.

Mr. SAMPSON asked the Prime Minister, *upon notice*—

Whether, in view of the urgency of the position, fat stock having to be placed upon the market because of the continued dry weather, the Prime Minister can make an announcement to the House respecting the date of the termination of existing meat contracts and the result of negotiations with the Imperial Government respecting new contracts?

Sir JOSEPH COOK (for Mr. HUGHES).—As soon as it is possible to do so, a statement will be made in regard to the negotiations now proceeding with the Imperial Government respecting new meat contracts.

## POST AND TELEGRAPH DEPARTMENT.

### REFUNDS FOR LOSSES.

Mr. TUDOR asked the Postmaster-General, *upon notice*—

1. How many complaints have been received in each State for 1918 and 1919 from persons

who have lost money or articles by transmission through the post?

2. Has a refund been made in each case?

Mr. WEBSTER.—The answers to the honorable member's questions are as follow:—

1. This information is not obtainable without the expenditure of an amount of time and labour which would not be commensurate with the advantage, if any, to be derived from it, particularly just now, when economy has to be rigidly exercised.

2. Compensation is only paid in the case of loss of registered articles, and then only as an act of grace; Parliament having decided against any departmental responsibility in regard to the loss, &c., of postal articles.

## AUSTRALIAN IMPERIAL FORCE.

### PAYMENT OF SALVAGE MONEY—INSTRUCTIONAL SCHOOL, PERTH—SEPARATION ALLOWANCE.

Mr. BAYLEY asked the Assistant Minister for Defence, *upon notice*—

1. Whether he can state when the salvage or "blood money" due to the members of the Australian Imperial Force will be paid to them?

2. Has any computation been made as to the value of the salvage secured by the Australian troops?

Mr. WISE.—Salvage of guns, waggons, and other warlike material collected by Salvage Details, as part of the ordinary duties of troops of all armies, is regarded as the property of the Imperial Government, in view of the *per capita* agreement with that Government for maintaining Australian Imperial Force troops and replacing Australian Imperial Force equipment in the theatres of warlike operations. The relation of "blood money" to the question is not understood, as "blood money" is a colloquialism for the gratuities given to Imperial troops in respect of wounds, by way, apparently, of some compensation for certain extra duty pay and allowances not drawn while absent from the relative duties.

Mr. BURCHELL asked the Prime Minister, *upon notice*—

1. Whether his attention has been drawn to the proposal made by the Ugly Men's Association of Western Australia that the financing of the instructional school for returned soldiers in Perth should be borne equally by the Commonwealth and Western Australian Governments?

2. If so, does he agree with the suggestion?

Sir JOSEPH COOK (for Mr. HUGHES).—The answers to the honorable member's questions are as follow:—

1. Yes.
2. The matter is receiving the consideration of the Government.

Mr. WISE.—On the 17th September the honorable member for Hindmarsh (Mr. Archibald) asked the following questions:—

Will the Assistant Minister—

1. State why, when the increased separation allowance was granted to families of privates from the 6th April, 1918, and later extended to corporals and sergeants whose maximum rates per diem were respectively 10s. and 10s. 6d., provision was not made for the families of second corporals, whose maximum amount per diem was 10s.?
2. As it is alleged that a great injustice has been done to the families of second corporals, will the Minister give instructions for the increased allowance to be paid to those families from 6th April, 1918?

I am now able to furnish the honorable member with the following information:—

1. Prior to 5th April, 1918, separation allowance of 1s. per diem could be paid on behalf of second corporals, whose daily rate of pay was 9s., whereas no separation allowance could be paid in respect of corporals whose rate was 10s. per diem. In granting increases from 5th April, 1918, this anomaly was, to some extent, rectified, and the total rate of pay and separation allowance made approximately proportionate to the relative ranks of the soldiers.

2. It has now been decided to extend this payment of separation allowance of 6d. per diem for each child dependent upon soldiers to all ranks below the rank of commissioned officers, irrespective of the prescribed maximum of 10s. per diem.

### MARIBYRNONG REMOUNT DEPOT.

Mr. RICHARD FOSTER asked the Assistant Minister for Defence, upon notice—

1. What is the capital amount represented by the Maribyrnong Remount Depôt, under the following headings, viz.:—(a) Area of land and value; (b) buildings and improvements; (c) annual cost of upkeep; (d) number and value of sires and brood mares, also other stock; (e) salaries, wages, and other expenses?

2. What was the average price (approximately) paid for horses purchased for war putposes?

Mr. WISE.—The answers to the honorable member's questions are as follow:—

1. (a) The area of the Maribyrnong Remount Depôt is 80 acres, valued at £8,000; in

addition the Remount Section has the use of two paddocks, comprising the danger zone at the Maribyrnong Magazine, also a portion of the land belonging to the Cordite Factory—about 260 acres in all.

(b) The following are the improvements:—Barracks, veterinary hospital, stables, fodder sheds, breaking yards, stallions yards, water service, sanitary service, drainage, fencing, &c., valued at £12,750.

(c) The annual cost of upkeep of buildings, fences, &c., is, approximately, £150.

(d) The numbers and values of sires, brood mares, and other stock, are as follow:—

Sires, 4	..	..	£3,750
Brood mares, 160	..	..	£4,000
Other stock, 499	..	..	£9,980
<b>Total</b>	..	..	<b>£17,730</b>

(e) Salaries and wages amount to £392 per month. Other expenses, such as forage, agistment, rations, uniforms, and incidental expenses vary with the seasons; but the average expenditure under these headings may be taken as £569 per month, or under 7d. per diem for each horse on charge. The animals on charge to this dépôt include horses required for transport and other work connected with the Australian Imperial Force, and when demobilization is completed, these will be disposed of, and the expenditure for wages and other expenses considerably reduced.

2. The average price paid for horses for war purposes was £20 per head.

It may be mentioned that this dépôt was established about three years prior to the outbreak of war for the purpose of assembling, breaking, and training remounts for the Permanent and Citizen Forces. During the war it has also dealt with the horses obtained for the Australian Imperial Force. It will shortly be reduced to its pre-war footing, the breeding being regarded only as a side issue.

### WAR MEMORIALS, FRANCE.

Mr. BURCHELL asked the Prime Minister, upon notice—

1. Whether he will make a full statement to the House concerning the erection of war memorials to the Australian Imperial Force in France, showing (a) the actual site selected and reasons for same; (b) the class of memorial to be erected; (c) the estimated cost in each case?

2. How have the designs been secured, by open competition or departmental suggestion?

3. If by open competition, will preference be given to the designs submitted by returned soldiers?

4. Will Australian materials be used in the construction of the memorials?

Sir JOSEPH COOK (for Mr. HUGHES).—A full statement in regard to this matter will be made shortly.

## DEFENCE FORCES: SUPERANNUATION.

Mr. PIGOTT asked the Prime Minister, *upon notice*—

Is it the intention of the Government to speedily introduce a scheme of superannuation to secure retiring allowances to those serving in the Naval and Military Forces?

Sir JOSEPH COOK (for Mr. HUGHES).—The Prime Minister is not yet in a position to announce the intentions of the Government in regard to this matter.

## WAR TROPHIES: DISTRIBUTION.

Mr. BURCHELL asked the Minister for Home and Territories, *upon notice*—

Whether, in allotting the war trophies, he will arrange for the same to be distributed on the basis of enlistments in the various States, rather than on a population basis?

Mr. GLYNN.—The Australian War Museum Committee has decided, after making the necessary provision for the National War Museum to give to each State trophies captured by the units it has raised, on the principle that these trophies are of the greatest value and interest in the place where their captors are personally known. In the case of units coming from more than one State, the trophies will be divided amongst the States concerned. Trophies not identical with any particular unit will be distributed between States on a population basis. The question of relation to enlistments in distribution within a State has been considered by the Committee, but it cannot well be made the sole basis.

## WHEAT SILOS.

Mr. PIGOTT asked the Minister for Trade and Customs, *upon notice*—

1. Is he aware that no wheat silos have been erected in the important wheat centres at Cowra and Canowindra?

2. Will he explain the reason for this delay, and have the work proceeded with at once?

Mr. GREENE.—The answers to the honorable member's questions are as follows:—

1. Yes.

2. The reason for the delay is the failure of the contractor. Steps have been taken by the New South Wales Government to have the unfinished portion of the contract proceeded with.

## DISSOLUTION OF PARLIAMENT.

### MEMBERS' ALLOWANCE.

Mr. BAMFORD asked the Prime Minister, *upon notice*—

1. In view of the reported impending dissolution of Parliament, several months before its due expiration by effluxion of time, will the Prime Minister give effect to the unanimous recommendation of the Electoral (Royal) Commission, and place upon the Estimates a sum sufficient to continue the parliamentary allowance to members from the date of the dissolution until the date of election, and thus place members of this House on the same footing as members of the Senate, whose allowances are continued until their successors are elected?

2. Does the Prime Minister know of any special reason why the existing invidious distinction should exist in this regard, by which members of the House are made to suffer pecuniary disadvantage, and sometimes hardship, while still having to perform all the ordinary duties of members towards their constituents?

Sir JOSEPH COOK (for Mr. HUGHES).—The Prime Minister is not prepared to make any statement in regard to this matter at present.

## COMMONWEALTH INSCRIBED STOCK.

### LOANS SINKING FUND.

Mr. HIGGS asked the Acting Treasurer, *upon notice*—

Having reference to a statement made by the Acting Treasurer of dealings and transactions under the Commonwealth Inscribed Stock Act, viz., "Other bonds amounting to £99,350 were repurchased by the Loans Sinking Fund at the rate of £97 19s. 4d. per cent."—Were those bonds purchased on the Stock Exchange; if not, in what manner?

Mr. POYNTON.—Yes.

## WAR SERVICE GRATUITY.

Mr. AUSTIN CHAPMAN asked the Prime Minister, *upon notice*—

What amount of gratuity or bonus does he intend to pay to soldiers for war services; and when will the same be available?

Sir JOSEPH COOK (for Mr. HUGHES).—This matter is receiving the consideration of the Government, and the Prime Minister will make an announcement in regard thereto as soon as he is in a position to do so.

## AUSTRALIAN GARRISON ARTILLERY.

**Mr. WISE.**—On the 24th September the honorable member for Corio (Mr. Lister), and the honorable member for Batman (Mr. Brennan) asked if I would inquire into a complaint made that while single members of the Royal Australian Garrison Artillery at Queenscliff received a war bonus of 1s. 6d. per day, and bombardiers and upwards 4s. 3d. per day, a married gunner suffered a decrease, his total pay being now only 7s. 10d. I have inquired into the matter, and find that the position is as follows:—

A complaint has reached the Minister, who has now appointed a Committee to go into the whole question.

## RIFLE CLUBS: IMPORTED AMMUNITION.

**Mr. WISE.**—On the 2nd October the honorable member for Melbourne Ports (Mr. Mathews) asked the following question:—

We have been told that only a limited quantity of a certain class of ammunition is being used by our Rifle Clubs and Citizen Forces. We have evidence, however, that the Department of Defence has a large quantity of foreign made cartridges marked W15, in which black powder is used. Will the Assistant Minister for Defence take action to see that, as far as possible, these cartridges are not distributed among the Forces?

I am now able to furnish the honorable member with the following information:—

The total stock of .303-inch ball ammunition in Ordnance Magazine, Melbourne, other than that made in Australia, is 1,154 rounds. These will be expended for purposes other than musketry by Citizen Forces and Rifle Clubs.

## PUBLIC ACCOUNTS COMMITTEE.

Report of Public Accounts Committee on Commonwealth Railways presented by Mr. JOHN THOMSON, and ordered to be printed.

## PAPERS.

The following papers were presented:—

### Customs Act—

Proclamation (dated 17th September, 1919) prohibiting the Exportation of Preventives of Conception, &c.

Proclamation (dated 24th September, 1919), prohibiting the Exportation (except under certain conditions) of Rabbit Skins.

Proclamation (dated 24th September, 1919) revoking Proclamation (dated 29th November, 1916) so far as relates to the prohibition of the Exportation of Wire Ropes.

Defence Act—Regulations Amended—Statutory Rules 1919, Nos. 231, 235.

Public Service Act—Promotion of D. B. Wheeler, Prime Minister's Department.

War Precautions Act—Regulations Amended—Statutory Rules 1919, Nos. 140, 172, 175, 195, 202, 232.

## ESTIMATES, 1919-20.

**Mr. SPEAKER** reported the receipt of messages from His Excellency the Governor-General transmitting Estimates of Revenue and Expenditure and Estimates of Expenditure for Additions, New Works, Buildings, &c., for the year ending 30th June, 1920, and recommending appropriations accordingly.

Referred to Committee of Supply.

## BUDGET (1919-20).

### In Committee of Supply:

**Mr. POYNTON** (Grey—Acting Treasurer) [3.2].—I have the honour to submit for the information of honorable members the Financial Statement for the year.

The purpose of the Budget Speech being to set out as clearly as possible what the financial position is, it is necessary to make many comparisons, one year with another, and naturally a retrospect claims first attention.

Estimated and Actual Revenue, 1918-19. On 25th September of last year, the Treasurer estimated that he would receive during the then current financial year a total revenue of ... £41,470,500. The actual yield was ... 44,768,468

An excess of	£3,297,968
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The Customs and Excise Revenue yielded £3,387,022 more than was expected. This occurred in consequence of the signing of the armistice and the larger amount of shipping which became available.

Revenue in the War Period. In the year 1913-14, the last year before the war, the Federal revenue amounted in all to £21,741,775

As already stated, in 1918-

19 the receipts were £44,768,468

An increase of no less than £23,026,693

That is to say, in the year just closed more than twice as much revenue was raised as in the year before the war.

Here it may be stated that, omitting cost of working ex-enemy vessels, such cost having been met out of earnings, the total payments from revenue on account of the war amounted to £43,527,763 up to 30th June last, and the direct taxation imposed specially for the purpose of meeting war expenditure yielded in the same period a total of £36,277,349

Adding the Land Tax de-

rived from rates existing at the outbreak of war, namely £8,065,585

we find that direct taxation provided £44,342,934

or slightly more than the total war burden upon the revenue.

The details are—

Income Tax	£27,317,071
Land Tax at old rates	8,065,585
Land Tax, increased rates	2,282,967
Succession Duties	3,592,229
Entertainments Tax	714,489
War-time Profits Tax	1,886,655
Postage War Tax	483,938
Total	£44,342,934

The income tax results have been attained after allowing, in the case of married persons, for an exemption up to £156 per annum, plus £26 in respect of each child. As showing what a small proportion is paid by wage-earners, it may be stated that, in 1917-18, taxable incomes of £200 and under contributed only 4.4 per cent. of the total revenue from this tax. A taxable income of £200 means much more than that sum in actual income, because the former is what remains after all exemptions have been allowed for. It will be seen that the wage-earner has not contributed very largely towards the total income tax.

The small farmer has not paid land tax, there being an exemption of £5,000 on unimproved land values.

Few persons pay succession duties or war-time profits tax, and the small business man has not been levied upon in respect of the latter.

The only new sources of direct taxation to which the wage-earners have contributed to any considerable extent are the entertainments tax and the postage war tax. The revenue under these heads amounts, approximately, to £1,100,000, and the wage-earner's share is very much less than the total.

The figures are important in view of the oft-repeated suggestions for the conscription of wealth. It may be said that wealth really has been conscripted, and has met practically the whole of the war charges to date.

Actual and Estimated Expenditure, 1918-19. The estimated expenditure out of revenue for the year which ended on 30th June last was £45,344,595. The actual expenditure amounted to £45,135,876

Showing that the estimate was a very close one, the expenditure being less than the estimate by £208,719

The foregoing figures include expenditure on pensions, interest, and other war items. Excluding the war cost, and omitting payments to or on behalf of States, the expenditure of the Commonwealth out of revenue was estimated at £16,973,743. It actually amounted to 16,621,892

A saving of £351,851

The war expenditure of 1918-19 comprised the following:—

Interest	£13,516,874
Sinking Fund	1,200,713
Pensions	4,828,072
Repatriation	1,300,000
Other	403,680

Total £21,249,339

These war expenses have not yet reached their maximum, as will be indicated at a later stage.

Increase of Expenditure since War began.—The total expenditure of the Commonwealth out of revenue in 1913-14, the year before the war, was	£23,160,733
In the financial year just closed the expenditure had grown to .....	45,135,876
The increase being .....	£21,975,143

This is explained by—

Increase in Old-age and Invalid Pensions .....	£1,299,975
Payments to the States increased by .....	171,334
Interest paid on behalf of States was .....	810,312
War expenditure in the latter year amounted to .....	21,249,339
 Total increase .....	£23,530,960
Less decrease in ordinary expenditure of the Commonwealth, amounting to .....	1,555,817
 Net increase as previously shown..	£21,975,143

The decrease of £1,555,817 in ordinary expenditure was due to large reduction of new works, and the decrease will probably astonish many critics who claim that the Commonwealth is lavish in disbursements.

neither a surplus nor a deficiency, the revenue having been used as far as it would go for payment of war charges, and the additional war expenditure having been charged to Loan.

Revenue and Expenditure—1918-19—

Brought Together. In 1918-19 the Commonwealth had a revenue of .....	£44,768,468
and the expenditure on account of revenue was .....	45,135,876
disclosing a deficiency on the year's transactions of .....	367,408
As a surplus of .....	£3,925,820

The year 1915-16 showed a surplus of .....

£3,000,000  
1916-17 resulted in a deficit of .....

922,573

Thus was carried forward an unexpended balance of .....

1917-18 added to the Surplus Account the sum of .....

1,848,393

Then the accumulation was In 1918-19 the condition of the finances was again somewhat straitened, there being a deficit of .....

£367,408

In this way is ascertained the surplus which was in the Treasury on 30th June last, amounting to .....

£3,558,412

It will be seen that at the commencement of the present year, the Treasury still had a large portion of the surplus of four years ago. This has arisen accidentally, and may be ascribed chiefly to the disturbance of war and the consequent difficulty of making close estimates.

Loan Works, 1918-19. The loan expenditure on works in 1918-19 should now

Accumulated Surplus at 30th June, 1919. As a general rule, a large surplus is to be avoided, if possible, because a Government with funds in hand is usually beset with proposals for expenditure. Then there is the consideration that taxation reduces the funds available for important private enterprises, and money should not be drawn from the people before it is needed.

The present series of surpluses may be said to have begun on 1st July, 1915, because the year 1914-15 ended with

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be referred to. During the year, the following sums were expended:—

London Offices	£46,120
Conduits and Laying Wires	
Underground	116,604
Railways	152,835
Naval Bases, Cockatoo Island	
Dockyard, and Wireless	
Telegraphy	532,835
River Murray Water Scheme	55,760
Arsenal	48,623
Perth Post Office	18,438
Defence Land (including	
Naval Sites)	50,500
Other Items	63,649
	£1,085,364

The total expenditure in 1917-18 was £1,803,447

Showing a reduced expenditure in 1918-19 of £718,083

Honorable members are probably aware that the Commonwealth has never floated a loan for public works. No doubt appeal must be made to the public at some future time for a works loan, but the necessary funds are at present being obtained, as has been the practice, by the investment of General Trust Funds and of the interest earned by the Australian Notes Fund.

Total War Expenditure to Date. The total War expenditure of the Commonwealth has been as follows:—

In 1914-15	£15,111,335
In 1915-16	41,201,946
In 1916-17	61,541,566
In 1917-18	66,958,360
In 1918-19	83,457,567
Due to British Government on 30th June, 1919	37,139,000
Accrued deferred pay to 30th June, 1919	5,500,000
Expenses of flotation of loans	542,474
	£311,452,248

of which, the amount expended out of Revenue is 45,958,514

leaving a total charge to War Loan Account up to 30th June, 1919, of £265,493,734

Of the total cost of the war, up to the close of the last financial year, the Revenue had borne 15 per cent., and 85 per cent. had been charged to Loan.

Primary Products. In view of the heavy financial burdens placed upon us by the war and the fact that Australia has a large over-seas debt, bearing interest, it is fitting that at the beginning of the period of reconstruction following upon the war, some particulars should be given of the great primary industries of Australia.

Pastoral. The pastoral industry was one of the earliest to be established, and, despite fluctuations, continues to grow.

The most important branch of the industry is the growing of wool, though the production of mutton, beef, tallow-hides, skins, &c., adds considerably to our wealth.

The results of the 1917-18 season were highly satisfactory, as the value of pastoral production amounted to £93,700,000, the highest sum on record, while all round increases occurred in the live stock figures throughout Australia.

In all States of the Commonwealth, cattle raising is carried out on a more or less large scale, the main object in certain districts being the production of stock suitable for slaughtering and in others the raising of dairying herds. The cattle in the Commonwealth in 1901 numbered 8,491,428. In 1917, there were 11,956,024. The high prices ruling have encouraged land settlers to rebuild their herds, and their efforts have been attended with so much success that the number of cattle in Australia during 1917 approaches close to the record of 1894, when 12,311,617 were pastured in Australia. It may be interesting to honorable members to know that Australian herds are greater than those of any other Dominion, the total in Canada being 5,968,000, and in South Africa 5,797,000.

Australia has for many years occupied a leading position among the sheep-breeding countries of the world, and for half a century has been the source of the world's chief supply of fine merino wool. There were 72,040,000 sheep in the Commonwealth in 1901, as compared with 84,965,000 in 1917. The flocks of the Commonwealth increased by 7,411,000 and 8,962,000 respectively in the two seasons 1916 and 1917. If this rate of increase were maintained in 1918, the number of sheep then in Australia must have exceeded the 1911 total of 93,000,000, which is the highest number recorded for the past twenty-three years. The number

of sheep in Australia obtained its maximum as far back as 1891, with a total of 106,000,000.

From estimates published in the *Year Book* of the United States Department of Agriculture, it would appear that the approximate number of sheep in the world is in the neighbourhood of 614,000,000, of which total Australia has about 15 per cent.

The following comparison, taken mainly from the same source, gives the latest available figures relative to the number of sheep in the principal countries:—

Australia, in 1918 (estimate)	93,000,000
Russian Empire, in 1914	72,200,000
United States, in 1916	48,400,000
Argentine	43,200,000
South America	31,400,000
United Kingdom	27,800,000
Ottoman Empire	27,000,000
Uruguay	26,200,000
New Zealand	25,270,000

The bulk of the wool produced in the Commonwealth is exported, but with the increased activity of the local woollen mills, there has in recent years been an increase in the quantity used in Australia, although even now the wool used in local manufacture represents only a small proportion of the whole clip.

The total value of pastoral production during the last five years for which we have figures is:—

1913	£57,800,000
1914	60,200,000
1915	65,600,000
1916	89,900,000
1917	93,700,000

It will be seen that the value has increased by £35,900,000, or over 62 per cent., during the five seasons. The principal items in the value of pastoral production during 1917 were:—

Wool	£37,300,000
Home consumption of beef, mutton, and lamb	30,000,000
Net exports, with adjustments of all pastoral products other than wool	11,100,000
Increase in live stock	10,700,000
Pastoral products other than wool used in manufacture	4,600,000

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Agricultural. Wheat. The area under wheat in Australia far exceeds that devoted to any other crop. It generally represents about 70 per cent. of the total acreage under crop.

The area and yield of wheat reached their highest point in 1915-16, when the farmers sowed 12,400,000 acres and reaped 179,000,000 bushels.

The area devoted to wheat decreased from 12,400,000 acres in 1915-16 to 7,900,000 acres in 1918-19, while the yield decreased by about 103,800,000 bushels in the same period.

While admitting that 1915-16 was a record year, and the estimated yield per acre for 1918-19 was generally below the average, the seriousness of the position brought about by the decreases in the acreage and yield of Australia's chief agricultural product in the short space of three seasons cannot be overstated, and every means should be utilized to encourage wheat-growing. The following are some particulars of the production and yield per acre of wheat in the leading wheat-growing countries during 1916:—

United States, 620,000,000 bushels; average yield, 11.7 bushels.

Russia in Europe (in 1914), 561,000,000 bushels; average yield, 9 bushels.

India, 308,000,000 bushels; average yield, 10.2 bushels.

Canada, 213,000,000 bushels; average yield, 21.2 bushels.

France, 206,000,000 bushels; average yield, 16 bushels.

Italy, 171,000,000 bushels; average yield, 14.6 bushels.

Argentine, 167,000,000 bushels; average yield, 10.1 bushels.

Russia in Asia (in 1914), 167,000,000 bushels; average yield, 12.4 bushels.

Australia, 152,000,000 bushels; average yield, 13.2 bushels.

Hungary, 148,000,000 bushels; average yield, 17.8 bushels.

Spain, 147,000,000 bushels; average yield, 14.6 bushels.

Germany (in 1915), 137,000,000 bushels; average yield, 27.7 bushels.

The average world's production per annum for the ten years ended 1916 was

3,641,000,000 bushels, according to the estimate of the International Institute of Agriculture, Rome. Australia's annual average for the same ten years was 91,600,000 bushels, or 2.5 per cent. of the world's wheat production.

That the Australian yield per acre is capable of considerable expansion is suggested by the very high yields obtained in some other parts of the world.

**Other Grain Crops.** The principal grain crops cultivated in Australia other than wheat are barley, maize, oats, and rye.

**Sugar Cane.** Sugar cane is grown in only two of the States—Queensland and New South Wales. In 1913-14, 2,271,000 tons of cane were grown, producing 265,000 tons of sugar. In 1918-19 the yield was 1,674,000 tons of cane, which produced 190,000 tons of sugar. The annual consumption of sugar in Australia is at present about 280,000 tons.

**Orchards and Fruit-growing.** Fruit-growing has made rapid progress during recent years, the area devoted thereto having increased in the past ten years by 92,835 acres. The increase is mainly due to extensive plantings with a view to the London market for fresh fruit.

**Root Crops.** Root crops, apart from potatoes, are not extensively grown in the Commonwealth. In 1917-18 the yield of potatoes was 347,000 tons, or about 2½ tons per acre under cultivation.

**Wine.** The wine industry has made little progress in Australia during the last sixteen years. The slow development is extraordinary in view of the fact that South Australia, Victoria, and New South Wales are richly endowed by nature for wine producing. The great advantages of climate and soil are assisted by high protective duties of Customs. The world demand for the class of wine that Australia can produce is practically unlimited.

**Raisins and Currants.** In addition to grapes for wine-making, large quantities are grown for the manufacture of raisins and currants. In this industry substantial progress has been made. In 1901-2 the quantity produced in Victoria and South Australia, where these products are chiefly grown, was 34,873 cwt. of raisins and 5,959 cwt. of currants. In 1917-18,

147,103 cwt. of raisins and 105,723 cwt. of currants were marketed. The highly satisfactory increase was largely due to irrigation, and improved methods of cultivation, while the introduction of ringing the vines was also responsible for an increased yield of currants. In 1917-18 the total Australian production amounted to 151,000 cwt. of raisins and 109,000 cwt. of currants.

**Farmyard and Dairy.** Dairying. The dairying industry is a very important factor in the wealth and prosperity of Australia. The dairy cattle in the Commonwealth in 1917 numbered 1,900,000. This industry carries in its train the allied industries of raising calves, pigs, and poultry.

The exports of butter have brought into the country £34,300,000 within the last ten years.

The geographical position of Australia gives her first call on the Eastern trade, for which purpose the dairy production of the Commonwealth can be increased indefinitely.

One of the most significant developments of the past few seasons has been the increased activity among dairy farmers in securing valuable stock. The higher prices obtained by them have enabled them to invest in a better class of sire.

Herd-testing associations are becoming more numerous, and farmers are learning that it is profitable to keep milk records and to cut out the cows that do not give payable yields. The application of up-to-date methods is becoming general. The total production of milk was 588,000,000 gallons in 1917. The production per cow has increased from 285 gallons in 1913 to 322 gallons in 1917, or nearly 13 per cent.

In 1917 there were produced 200,000,000 lbs. of butter, 27,000,000 lbs. of cheese, and 56,000,000 lbs. of condensed and concentrated milk. The total value of these commodities is set down at £16,900,000.

**Pigs.** Not least among the rural industries awaiting wider development in Australia is that of pig raising. The rate of progress is quite unequal to the requirements of local demand, and there is an opportunity to build up a large export trade, as the countries of Europe are short

of animal foods. During 1917, Great Britain paid £37,000,000 to foreign countries for pig products.

Considerable attention has been paid of late, both privately and by the various State Governments, to improving the breed of pigs. In 1914, Australia had 862,000 of these useful animals, while in 1917 the number was 1,169,000.

**Poultry.** Poultry stocks are largely maintained by farmers, and furnish a considerable addition to the annual agricultural or dairying returns. During recent years, however, poultry keeping has assumed an independent position, and it is also carried on in conjunction with pig farming. Special poultry farms have been instituted for scientific breeding, and poultry experts engaged by the State Governments give lectures and instruction. The value of poultry and egg production in 1913-14 was £4,500,000. This had increased to £6,000,000 in 1917-18.

**Minerals.** The discovery of gold in payable quantities attracted population to Australia, and thus laid the foundation of its nationhood.

Our total mineral wealth cannot yet be regarded as well ascertained, and the mineral exploration of the country is still in its infancy. The large production of gold, silver, copper, and tin, the extent of the coal deposits, the presence of large quantities of iron ore, and the great variety of other minerals found in appreciable quantities, suggest that the future of mining will be even more remarkable than the past. The total value of the mineral production in 1914 was £22,200,000; in 1917 it was £25,600,000. The total production in Australia to date has reached the large sum of £931,000,000.

In 1917, coal produced was valued at £5,000,000; copper, £4,900,000; gold, £6,200,000; silver, lead, and lead ore and concentrates £5,500,000; zinc concentrates, £1,750,000; and tin, £1,000,000. The other minerals produced are alumite, antimony, bismuth, wolfram, diamonds, gems, gypsum, iron, iron ore and flux, limestone flux, manganese, molybdenite, opal, osmiridium, platinum, salt, scheelite, shale, and zinc.

**Manufacture.** The development of Australian manufacture has been greatly

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influenced by the war, and the consequent decline in shipping facilities. Some industries have decreased on account of the difficulty of securing essential constituents; while others have greatly advanced from the necessity of supplying locally-manufactured articles in place of those formerly imported.

The number of factories was 15,179 in 1917, as compared with 15,536 in 1913. This is a decrease of 357, but the condition of manufacture cannot be gauged from a mere statement of the number of factories. Some of them were practically in their infancy in 1913, employing but few hands. Amalgamations have in some instances also accounted for a reduction in the numbers.

The average number of hands employed in 1917 was 321,000, representing an increase of 4,700 on the 1916 figure, but showing a decrease of 15,400 on the total number in 1913. This decrease was due to the withdrawal of large numbers of young males for military purposes, the number of males having decreased by 20,100, while females increased by 4,700.

The largest number employed in any particular class of industry was in clothing and textile fabrics, in which there were 83,200 employees, or 25.87 per cent. of the whole number. Metal works, engineering, &c., came next with 62,100 employees, while the class of industry connected with the manufacture of food, drink, &c., occupied third place with 52,700 employees.

As an indication of the permanent character and stability of the industries which have been established, it may be noted that the values of land and buildings and of plant and machinery used in the factories are rapidly increasing. Thus for the whole Commonwealth the total value has increased from 1913 to 1917 by £16,000,000, that is, from £74,000,000 to £90,000,000, or at the rate of £4,000,000 per annum. Of the total capital so invested for 1917, the sum of £43,000,000 represented land and buildings occupied as factories, the remaining £47,000,000 being the value of the plant and machinery.

The salaries and wages paid to employees in 1917 amounted to £36,600,000. Male workers received £31,800,000, or £143 10s. per head, and female workers

£4,800,000, or £54 9s. per head. In 1913 the males received £29,700,000, or £123 6s. per head, while the females received £3,900,000, or £47 14s. per head.

The amount expended on fuel and light in factories is of considerable importance. In 1913 it amounted to £8,200,000, and in 1917 to £4,000,000, an increase of about 25 per cent. The additional cost of fuel has materially assisted in bringing about this increase, but the main contributing factor has been the greater use of machinery, the driving force of which expressed in units of horse-power has increased by 120,000 since 1913.

The total value of raw material used or worked up in factories during 1917 was £132,000,000, or 64 per cent. of the total value of the finished product. Since 1913 the value of materials used has increased from £96,000,000 to £132,000,000, or 37 per cent. The large increase is mainly due to the rise in the price of these materials, but in some cases, such as those relating to cheese, condensed milk, jam, sugar, woollens and tweeds, boots and shoes, gas and coke, and electric light and power, greatly increased quantities are also in evidence.

The importance of the manufacturing industries is indicated by the fact that the total value of the output for 1917 was £206,000,000. This represents an increase of over 27 per cent. since 1913. The output value per employee continues to show a substantial upward tendency, having risen from £479 in 1913 to £642 in 1917. This is attributable to the great assistance received from the increased use of machinery, as well as to the higher cost of raw materials.

Of the total output of £206,000,000, the sum of £132,000,000 represents the value of the raw materials. The difference between these amounts, namely, £74,000,000, is the real value of production from factories. The corresponding amount for 1913 was £65,000,000.

**Room for Expansion.** There is room for great expansion of Australian manufacture, and the woollen industry may be cited as an example. We produce immense quantities of wool. It is anomalous that so much is exported as raw material

and brought back in the form of manufactured goods.

**Total Value of Production.** The total value of primary production in Australia in the year 1917 is as follows:

Pastoral	... £93,700,000
Agriculture	... 57,967,000
Dairy, poultry, and bee farming	... 31,326,000
Forestry and fisheries	... 5,523,000
Mining	... 25,591,000

Total primary pro- duction	... £214,107,000
Then there is the value added by manufac- ture, representing...	74,000,000

So that the total pri- mary and secondary production of Aus- tralia may be set down at	... £288,107,000
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**Government Control of Primary Products.** Having completed a survey of the producing interests of Australia, I now desire to make reference to those products which have been handled by the Government during the war.

**Wool.** The sale of the Australian wool clip to the Imperial Government was carried through for the seasons 1916-17, 1917-18, and 1918-19, and will be continued to the 30th June, 1920, on which date the present contract terminates.

The purchase price is 15½d. per pound greasy wool, plus handling charges at the rate of ¾d. per pound.

In respect of the wool sold for purposes other than the military and naval requirements of Great Britain and the Allies, 50 per cent. of the profits, if any, will be distributed to Australian wool-growers.

Wool-growers have been paid, to date, the following amounts:

For the season 1916-17	£25,447,010
For the season 1917-18	42,661,903
For the season 1918-19	45,519,522

Total	... £113,628,435
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Appraisements for the season 1919-20 have already commenced, and it is

anticipated that by the 31st December of this year, 952,000 bales will have been valued, with payments to growers aggregating approximately £22,500,000, subject to the retention of 10 per cent.

The balance of the clip, about 1,038,000 bales, with an approximate value of £24,500,000, will be appraised as early as possible in 1920, with a final clearing up appraisement in June.

The total value of the 1919-1920 clip is estimated at £47,000,000.

The Commonwealth Public Account has been credited with the sum of £216,034, representing licence-fees payments by the wool tops manufacturing companies.

The sale of the wool to the Imperial Government has been of enormous value to the pastoral industry and to the Commonwealth generally. It has been of great assistance in the stabilization of finance.

**Wheat.** The deliveries to the Wheat Pools have been:—

	Bushels.
1915-16	162,224,000
1916-17	138,275,000
1917-18	103,344,000
1918-19	64,964,000
<b>A total of</b>	<b>468,807,000</b>

Of this quantity the Australian Wheat Board has shipped as wheat	173,853,000
And as flour	46,110,000
Local sales have amounted to	134,279,000
Flour stocks held—account for	3,858,000
And other stocks, as shown in the books of the States are	108,476,000
<b>Making a total of</b>	<b>466,576,000</b>

This includes a gain in weight on the 1915-16 Pool of 1,150,000 bushels, and makes provision for losses in New South Wales on the 1916-17 and 1917-18 Pools to the extent of 3,247,000 bushels, and of 134,000 bushels in Western Australia on the 1916-17 Pool. Extensive losses have occurred in other States, a close esti-

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mate of which will soon be available, surveys of stocks being now in progress.

The overdraft of the Wheat Board at a recent date was	£9,619,000
And further advances are being made to growers to the extent of	4,000,000
<b>Making a total liability of</b>	<b>£13,619,000</b>

On the other hand, we have yet to receive from the Imperial Government on account of the sale of 1,500,000 tons	£10,400,000
and the anticipated proceeds of other sales to various countries, including France, Norway, Egypt, Greece, Japan, South Africa, New Zealand, and Callao, amount to	2,394,000
and payments still to be received for shipments already made will be about	800,000
<b>so that we may expect payment of a total of</b>	<b>£13,594,000</b>

A considerable proportion of this amount will not be paid for some time.

Under the contract with the New Zealand Government, the balance is not due till August, 1920, and shipment of the 1,500,000 tons sold to Great Britain is not likely to be completed earlier than June, 1920.

The sale of 1,500,000 tons by the Prime Minister (Mr. Hughes) has been a very great help to wheat-growers. It afforded the first indication of the clearance of the accumulation of stocks since the inauguration of the pooling system. The wheat-grower now has a sense of independence which was completely lacking at the close of the last financial year.

In all, the Wheat Pools have to date paid to growers a total of £88,500,000.

**Sugar.** Prior to 1915, the price of raw sugar was less than £14 per ton, but, when the Government fixed the price at £18, such increases were made in the wages of the field workers that the

farmers did not reap as much benefit as was expected. In 1917, the Government increased the price to £21 per ton, and this was followed by further increases in wages.

Over 50,000 tons of foreign sugar were imported in 1918, and during the present season some 100,000 tons of foreign sugar will be required.

Owing to the Government control, sugar has been retailed, since January, 1916, at the low rate of 3½d. per lb. for 1A white granulated. The prices in all other parts of the world have been much higher. For example, consumers in the United States of America have been compelled to pay not less than 4½d. per lb., though the very large production of Cuba, amounting to some 4,000,000 tons, was available, also the sugar produced from beet in the States. In other countries the cost to the people has been more than double that paid by Australians. In addition to the advantage of low price, Australia has enjoyed abundance of this commodity, while in other countries there has been scarcity or famine.

Liberal concessions have been made to manufacturers of jam and other goods for export, the sugar having been supplied, at £24, and recently at £26, per ton. The price in Java is £45 per ton f.o.b.

The total paid by the Government to Australian growers for raw sugar, in the last four years, is over £17,000,000.

**Butter and Cheese.** Beginning with the 1917-18 season, the Commonwealth took over the control of butter and cheese, through the Commonwealth Dairy Produce Pool Committee.

Up to the 6th September, 1919, 2,074,926 cases of butter were purchased for £8,334,727, and 80,860 crates of cheese at a price of £484,373.

The average price given by the Pool for butter during its operations up to the present has amounted to almost 160s. per cwt., whilst the export price for the three years immediately preceding the war, when there was no Government control, averaged only about 106s. per cwt. The price for the current contract, which extends to 31st August, 1920, is 175s. per cwt. for butter grading 90 points, with 1s. per cwt. up or down for each point over or under 90.

The price obtained by producers for cheese, during the period of the Pool's operations, has likewise increased from about 60s. per cwt. (export price) in pre-

vious years to 84s. per cwt., which has been the average price obtained from the Pool.

**Rabbit Skins.** The rabbit skins scheme was introduced in April, 1917, and continued until March, 1918. Authorized agents were appointed in New South Wales, Victoria, South Australia, and Tasmania. They were the only persons allowed to sell skins, and trappers were invited to send their skins to them. The skins were classed by Government experts, and the trappers paid according to fixed schedule. The prices were net to the trapper, and it is quite safe to say that they were from 25 per cent. to 50 per cent. above the prices realized by trappers during the four preceding years.

The total number of skins dealt with was approximately 50,000,000, valued at about £400,000.

**Jam.** In the early part of 1918, the Commonwealth Government was instrumental in securing contracts for the supply of large quantities of jam to the British and United States Governments. Since that time 72,000,000 lbs., valued at £1,631,250, have been supplied at from 5½d. to 6d. per lb. Those prices are almost unparalleled in the history of the industry in Australia.

The striking effect of the Commonwealth Government's operations can be seen by a glance at the statistics of jam exports. The exports rose steadily from less than 2,000,000 lbs. in 1913 to 79,000,000 in 1918-19. This has been a great boon to both fruit-growers and jam manufacturers.

The Government also made special arrangements to secure freight to carry the jams overseas, and thus avoided serious complications at a time when shipping was much disorganized.

**Meats.** Since the beginning of the war, Australia has been filling orders from the British Government for the supply of meats for the British and Indian Armies.

The State Governments have been arranging for the supply of frozen meats, while the Commonwealth Government has had the supervision of the orders received for canned meats.

During the period of its operations the Government dealt with canned meats to the value of £1,746,840.

**Bacon.** Among the foodstuffs that have been supplied to the British Government through the agency of the Commonwealth Government is bacon. Contracts

were secured in the early part of the war, and in all, nearly 2,500,000 lbs. in weight, valued at about £145,000, have been supplied.

The orders received through the Government were a factor in causing the exports of bacon to rise from less than 2,000,000 lbs. in 1913 to over 5,000,000 lbs. in 1917-18.

**Flax.** The Federal Government obtained orders from Great Britain for the 1918 and 1919 crops, and gave a guarantee of £5 and £6 per ton respectively for green flax to the growers. The growers have been guaranteed £6 per ton for 1920. Any profits the Government derives from the scheme will be given to the growers in the form of a bonus.

**Cornsacks.** As the wheat harvest of 1917-18 approached, it became evident that the supply of cornsacks would not be sufficient. The Government averted the shortage by commandeering the stocks on hand or to arrive, and by prohibiting resales to Calcutta. By this means, and the purchase of sacks in Calcutta, the requirements of the early harvest were met. In this way, serious loss to the farmers was avoided.

For the 1918-19 season, the Government purchased in Calcutta about 130,000 bales at a price which enabled the sacks to be sold to the farmers at practically the price of the previous year.

It is safe to say that a saving to the farmers of at least £650,000 was made on the transactions for 1918-19, during which about 150,000 bales were handled, valued at £1,598,432.

The Government was compelled to discontinue the purchase of cornsacks because, in reply to representations by the Government, the Viceroy of India notified that the mills refused to quote a price, the opinion being held that the business should go through the usual channels.

**Rabbits.** The Commonwealth Government acted as agent for the Imperial Government for the purchase of the 1917 pack. All rabbits for export were purchased, the quantity being approximately 1,674,000 crates, of a value of £1,260,000.

**Metals.** The signing of the Armistice threw the metal industries throughout the world into chaos. Prices fell rapidly, and the Allies found themselves with huge accumulation of stocks. The delay in the settlement of Peace also affected

the market, users working upon the barest requirements, and speculators declining to operate. The situation is gradually improving.

It is safe to say that, owing to the efforts of the Commonwealth Government during the war, the position of the Australian producers was as good as, if not better than, that of producers in any other country.

The policy of the Government to have all ores treated in Australia has been maintained; and now practically the whole Australian output of metallic ores, with the exception of zinc, is treated locally.

Already the capital invested in new industries established as a result of the Government's policy amounts to over £7,000,000, and fully £1,500,000 is paid in wages every year.

The Metal Exchange has been firmly established, and since its inception contracts for the sale of metals and minerals to the value of £35,000,000 have been registered by it.

**Zinc.** Owing to the sale of zinc concentrates to the Imperial Government, new life has been given to the Broken Hill mines, which are assured of a satisfactory price for ten years. The Australian output of zinc concentrates amounts to 400,000 tons annually.

**Copper.** During the war the Imperial Government purchased practically the whole Australian output of copper. Sales of copper by the Copper Producers' Association to the Imperial Government during 1918 amounted to £3,850,000.

**Lead.** At Port Pirie is now the largest silver-lead refinery in the world, and there is also a refinery at Cockle Creek. The output of lead by both refineries, with certain reservations, was sold to the Imperial Government during the war, and under the contract £4,523,000 was paid to the suppliers.

The Port Pirie refinery produces approximately 6,000,000 ounces of silver per annum. Though the demand for lead has been dull, the price of silver has never been so high.

**Iron and Steel.** Australia until lately neglected her iron and steel industries, and was dependent on importations. The Broken Hill Proprietary Company has now embarked upon iron and steel production on a large scale at Newcastle, and has invested £4,288,000. The wages

and salaries paid amount to about £750,000 per annum.

Wolfram, Scheelite, and Molybdenite. In September, 1915, the Commonwealth Government, acting as agents for the Imperial Government, acquired the Australian production of these minerals. The requisition was for the period of the war and six months afterwards. Since then the Imperial Government has purchased tungsten ores to the value of £1,141,000, and molybdenite to the value of £372,500.

**Total Value of Primary Products Handled by Government.** The following is a summary of the moneys paid to primary producers in respect of their commodities sold during the war by or under the control of the Commonwealth Government:—

	£
Wool	113,628,000
Wheat	88,500,000
Metals	35,000,000
Sugar	17,000,000
Butter and cheese	8,819,000
Rabbit skins	400,000
Jam	1,631,000
Canned meats and bacon	1,992,000
Rabbits	1,260,000
<b>Total</b>	<b>268,230,000</b>

These are the figures to date. Many more millions will be paid to primary producers in the next few months.

**Banking.** The total deposits in Australian banks in June quarter, 1914, amounted to £157,000,000; in December quarter, 1918, the figure was £178,000,000. These figures do not include those of the Commonwealth Bank, which had deposits of £6,700,000 in 1914, and £66,000,000 in 1918, including the very large balances of war loan moneys lying at the credit of the Commonwealth Treasury.

The Australian banks have been of the greatest assistance to the Treasury during the war, and it is satisfactory that a period of such great financial disturbance has been passed through without in any way impairing the stability or the usefulness of the banks. The present banking position is sound, and the outlook for the future distinctly good.

Australian Savings Banks call for attention, because of the gratifying increase

both in the number of accounts and in the amount of credit.

As a set off to the well justified complaints which are made as to the increased cost of living, it must be pointed out that, notwithstanding all disadvantages, the people have during the war saved large sums of money. At 30th June, 1914, there were 2,108,000 Savings Bank accounts; these had increased to 2,831,000 in 1918. In 1914, the amount at credit was £83,500,000, and had grown in 1918 to the very fine total of £116,874,000.

The increase in the number of depositors is somewhat misleading, because, since the opening of the Commonwealth Bank, many persons have more than one account. Even when allowance is made for this, however, it may be said that at least one-half of the population now have accounts with Savings Banks. The actual average deposit was £42 1s. 11d. in 1918 as compared with £39 12s. 4d. in 1914.

The increase in the amount at credit is no less than £33,000,000, and this is the more remarkable seeing that large sums have been withdrawn for investment in various loan issues, and amounts which would have been placed in the Savings Banks have been directly invested in war loans and war saving certificates. The large amount deposited and the increase in the practice of life assurance show that the Australian citizen is more provident than is usually believed.

**Life Assurance.** The last year unaffected by the war was 1914. In the first two years after that, the addition to life assurance funds was about £3,000,000 per annum, an amount which suddenly fell to £2,500,000 in 1917. This was, of course, the result of the great increase in death claims owing to the war. The claims by death were, approximately, £1,500,000 in 1914, and were double that amount in 1917. They are likely to remain rather above the normal for some years owing to the impaired lives of returned soldiers. Notwithstanding this handicap, the funds increased from £55,000,000 in 1914 to £63,000,000 in 1917, or about 15 per cent.

**Commonwealth Government Ship Construction.** The Government's shipbuilding programme is for six steel steamers, each with a dead-weight capacity of

5,500 tons, and fourteen steel steamers with a dead-weight capacity of 6,000 tons each. Of these twenty vessels, three have already been launched, one is actually in commission, and the second almost ready for commission. The others will be completed and ready for service at reasonably short intervals.

The cost of twelve of these vessels will be, approximately, £28 per ton, whilst the cost of the other eight will be between £28 and £33 per ton, according to a sliding scale which takes into account the actual cost, plus profit.

The cost at which these steamers are being built in the Commonwealth compares favorably with the cost of steamers in the United Kingdom, America, and other parts.

Provision has also been made for building four vessels, each of 12,800 tons capacity, two at the Government Dockyard, Walsh Island, and two at the Naval Dockyard, Cockatoo Island. Each of these vessels will be provided with 250,000 cubic feet of refrigerated space for the carriage of perishable goods. The ships will be of the highest class of cargo boat, and will compare well with any similar class engaged in the Australian trade.

Contracts have been let with two firms in England to build five vessels, each of 12,180 tons dead-weight capacity and each with 370,000 cubic feet of insulated space. Work on these vessels has been started. The first is due for delivery early in 1921, and the whole of them before the end of that year.

Contracts for sixteen of the eighteen wooden ships which were to be built in Australia have been cancelled.

Commonwealth Government Line of Steamers. In 1916, fifteen steamers were purchased by the Commonwealth Government. Since then the Line has grown considerably, and has filled a useful purpose in the commercial life of Australia.

Two of the steamers referred to were lost as the result of enemy action, and, since the armistice, two of the older vessels have been sold—the *Australstream* for £113,355, and the *Australfield* for £169,290. Their respective costs were £80,000 and £109,215.

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During the war period, three sailing vessels were acquired, and arrangements were made for the building of nine wooden motor vessels and five wooden steamers in America. Eight of these vessels have been completed, and are in commission. While the war lasted they performed good service. Had the fourteen vessels been completed within the specified time, the Commonwealth would have benefited materially. Unfortunately, however, prolonged strikes and difficulties in obtaining materials resulted in serious delays.

With the cessation of hostilities, it was recognised that the commercial value of the wooden vessels ordered in America was not very great, and an opportunity presenting itself for disposing of them, it was taken.

In addition to handling the vessels of the Commonwealth Government Line, a fleet of twenty-one ex-enemy vessels has been run and managed by the same organization. Of these latter vessels, two were sunk by enemy action, and three are on hire under charter.

The Commonwealth Government Line has carried to and from Australia 682,576 tons of cargo, including 3,366,686 bags of wheat and flour, 146,472 bales of wool, and 43,321 tons of cornsacks. In addition to the foregoing, the ex-enemy fleet has carried 337,496 tons of cargo, making a total of 1,020,072 tons.

The gross earnings of the Commonwealth Line of Steamers (exclusive of ex-enemy vessels) during the financial years ending June, 1917, and June, 1918, were £1,390,457 and £2,095,978, while the net earnings for the same periods were £426,394 and £905,879 respectively.

The capital cost of the fifteen Australian vessels, up to 30th September, 1918, was £2,105,000.

The receipts and working expenses of the Line from its inception to 30th September, 1918, were:—

Receipts, including insurance on lost vessels	4,455,000
Working expenses	2,334,000
Surplus receipts	2,121,000

It will thus be seen that in approximately two years the net receipts of the Line exceeded the capital cost of the vessels.

Since their purchase the vessels have considerably appreciated in value.

Until June, 1917, ex-enemy vessels were run by the Navy Department, and as each voyage was completed after that date, they were put under the management of the Commonwealth Line of Steamers. The gross and net earnings of these vessels are as follow:—

	Gross Earnings.	Net Earnings.
	£	£
1914-15	145,503	(loss) 8,470
1915-16	646,209	327,924
1916-17	1,272,621	585,921
1917-18	2,292,354	1,223,350
1918-19	3,327,912	1,448,176
	£7,684,599	£3,576,901

Freights charged by the Commonwealth Line, although in excess of those of pre-war times, have always been much below those charged by the shipping companies.

There has necessarily been fluctuation, but, at the time when the ruling rates to the United Kingdom for wheat were 125s. and 130s. per ton, the rate charged by the Commonwealth Government Line was 120s.

At a later date the Line found it necessary to increase its rate to 150s. Then the ruling rate was 235s., while 275s. was offered to neutral vessels for wheat to Europe.

One of the new steel vessels built by the Commonwealth Government in Australia has recently been taken over by the Line, and is now on her maiden voyage. She will return with a cargo of phosphate rock.

One of the results of Commonwealth ownership of vessels has been that large sums of money have been spent in Australia for docking, repairs, purchase of stores, &c.

The Line runs a sailing vessel which, as well as carrying cargo, is used for training cadets for the mercantile marine. Sixteen boys are in training, and it is expected that they will become useful officers.

**Control of Inter-State Shipping.**  
Inter-State shipping during the year has presented many difficult problems. At the close of 1918, although the shortage of tonnage was very acute owing to war requirements, the Inter-State Central Committee, by organization under one management, was able to use the available ships so that the requirements were almost satisfied. Early in the present year, however, the influenza epidemic and the quarantine restrictions resulted in accumulations of cargoes, and after the quarantine restrictions were relaxed the seamen ceased work.

The strike having now ended, the congestion is being cleared up. It is hoped that in the course of a few weeks conditions will again become normal, but the reserves of coal in the various ports will be much below a safe margin for some time to come.

The difficulty in obtaining despatch for colliers, owing to the lack of facilities for discharge, prevents the best use being made of this class of tonnage.

The position with regard to Inter-State shipping after the lapse of the War Precautions Regulations, when the ships will revert to their owners, is receiving the consideration of the Government. In order to obtain efficiency with depleted tonnage, it would appear necessary that the ships should be run in combination as at present.

During the war, Australian coastal trade has been in an exceptionally favoured position with regard to freights, which have practically remained at pre-war rates. This cannot be said with regard to any other country. It is evident, however, that the position cannot be maintained much longer. Bunker coal, repairs, stores, wages, and cargo handling have all become more expensive. Apart from other increases of various kinds, it may be stated that, to give effect to the recent seamen's agreement, to raise other wages, and to meet the extra cost of bunker coal, as authorized by Statutory Rules passed in May last, an additional charge of £535,000 per annum was entailed. A substantial increase in fares and freights was therefore inevitable.

**Demobilization.** The number of soldiers abroad on 11th November, 1918—

the date of the Armistice—was 175,076. The number returned to Australia between that date and 27th September last was 152,494. These figures show that apparently 22,582 men were still members of the Forces abroad, but many have been discharged abroad and some are missing. The *personnel* overseas on 20th September numbered 18,374.

**Repatriation.** For the current financial year it is expected that the repatriation of our soldiers, exclusive of the provision of homes, will involve an expenditure of £2,500,000. This sum will be applied principally in connexion with vocational training, payment of sustenance, and assistance of soldiers, all of which are expected to absorb £2,326,352. Administrative expenditure is estimated at £173,648. In addition, it is necessary to provide establishments for vocational training and hostels for totally incapacitated men, at a cost of £455,000.

Advances to the various State Governments for the purpose of assisting soldier settlers to obtain stock, implements, seed, &c., and to make necessary improvements on their holdings, are expected to approximate £6,085,000.

State Forestry Departments may require £70,000 to carry on the work of reafforestation, which will afford employment for discharged soldiers.

Grants to local government bodies for the purpose of undertaking additional works to open up avenues of employment for discharged men amount to £250,000.

In addition, a sum of £1,500,000 is being provided by way of loans to State Governments for other reserve employment through local government bodies.

It is expected that 8,000 applicants will be provided with homes under the housing scheme at a cost of £4,000,000. Administrative expenses therewith are estimated on a basis of 3½ per cent. to total £140,000.

Provision to the extent of £4,885 is made to assist ex-Imperial soldiers and others.

**War Pensions.** At 30th June, 1919, there were 181,529 war pensions, an increase of 71,355 during the financial year. Incapacitated members of the Forces in receipt of war pensions numbered 71,512, and dependants 110,017.

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The expenditure during the twelve months was £4,828,072, an increase of £2,055,995 over the preceding year. The expenditure for 1919-20 is estimated at £5,450,000. This is a large bill, but one which Australia will honorably meet. Indeed, our obligations to the widows, the dependants, and the incapacitated fighting men must be held sacred.

**Federal Capital.** It is intended to proceed with the construction of the Federal Capital, and the Government proposes to appoint a competent Committee to report as to the steps necessary to provide at an early date the accommodation for Parliament, the administrative offices, and the residences for officers. The Committee will also report upon the cost necessary to effect occupation.

**River Murray Scheme.** The River Murray Commission's estimate of the amount required for expenditure in 1919-1920 is £311,000, the Commonwealth Government's quota being £66,700.

The works authorized by the Commission include the following:—

Upper Murray storage at the junction of the Mitta and Murray Rivers.

Weir and lock at Torrumbarry, near Echuca.

Lake Victoria storage.

Locks 2, 3 and 9 (South Australia).

A commencement has been made with preliminary works of the Upper Murray storage, and arrangements are in progress for the assembling of the plant required, and the acquisition of the necessary lands. Good progress has been made with the weir and lock at Torrumbarry.

A contract has been let for portion of the work at the Lake Victoria storage, and it is anticipated that shortly a further contract will be entered into. Arrangements are being made for the supply of plant to enable an early commencement with work at locks 3 and 9.

The lock at Blanchetown is now practically completed, and work has commenced on the weir.

Progress is being made with surveys and investigations on the river between

Echuca and Wentworth, and it is expected that at an early date the sites for further weirs and locks on that section—particularly in the vicinity of Mildura, Merbein, and Curlwaa—will be decided upon.

The total estimated cost of the River Murray scheme, which was based on conditions ruling before the war, is £4,663,000. Towards this the Commonwealth has agreed to advance £1,000,000. The works authorized by the Commission to date involve an expenditure of about £2,600,000.

Primary production will be greatly increased as a result of the expenditure, and a large prosperous population will be settled in these fertile localities.

**Regulation of Capital Issues.** The amount of share and other capital authorized to be raised by companies from January, 1916 (when Treasury control commenced), to the end of September last was £94,287,470. This consisted of £51,748,122 for subscription in cash by shareholders, £10,287,554 from the capitalization of existing reserves and undivided profits, and £32,251,794 by the transfer of assets such as buildings, machinery, and patent and other rights.

For mining purposes the capitalization allowed was £11,803,312; for manufacture and production, £44,301,903; for public utilities, £4,644,304; for trade and finance, £24,317,246; and for other purposes, £9,220,705.

In all, 5,626 applications have been dealt with by the Treasury. All requests for consent to register new companies, or for the raising of capital by existing companies, have been readily granted where the immediate object was trade, finance, production, or manufacture, and where the proposals were framed on lines which were found to be in a general way satisfactory.

Consent was refused to the raising of capital, amounting in all to £12,632,194, because the proposed issues were regarded as unnecessary. This does not disclose the full effect of the Treasury control. It has been made clear that many proposals for companies and syndicates have not been placed before the Treasury because the persons interested knew their schemes would not be approved.

On the 23rd April last, the Regulations controlling expenditure on buildings for amusement and other public purposes were repealed.

**Loans Made to States by Commonwealth: Loans Made from Notes Fund, Before the War.** Prior to the war, the Commonwealth lent various sums to the States out of the Notes Fund. The loans thus made and outstanding on 30th June last amounted to £2,634,000. These are repayable at different dates between 1919 and 1926. The amount maturing in 1919, namely, £800,000, has already been repaid, leaving £1,834,000, which matures between 1921 and 1926.

**Agreements between Commonwealth and States.** Shortly after the outbreak of the war, the Prime Minister (Mr. Hughes) and the Premiers met in Conference to consider the financial situation. At this Conference, the Commonwealth and the States (except Queensland) entered into an agreement in relation to borrowings for State public works for a period of twelve months from 5th November, 1914.

A year later, on 6th November, 1915, an agreement was made in regard to borrowing for State public works till one year after the end of the war. New South Wales did not join in this agreement.

The agreement of 5th November, 1914, provided:—

- (1) The Commonwealth to lend £18,000,000 to the States (except Queensland).
- (2) The rate of interest on these loans to be that which, including all charges, it costs the Commonwealth to raise moneys for its own purposes.
- (3) The States not to borrow otherwise during the period of twelve months, except for renewals. The States could, however, sell Treasury Bonds over the counter up to the amount of sales in a normal year.

The £18,000,000 was lent to the States from the Notes Fund between November, 1914, and December, 1915. It was at first agreed that the money should be repaid two years after it was advanced. The term was afterwards extended for

twelve months, and subsequently the £18,000,000 was made repayable five years after the war, but not later than 1925. The rate of interest payable by the States on the £18,000,000 was fixed at 4½ per cent., subject to adjustment.

The agreement entered into with the States (except New South Wales) on 6th November, 1915, includes the following:—

- (a) Commonwealth to be sole borrower overseas;
- (b) Commonwealth undertakes to borrow for State requirements stated sums till one year after the end of the war;
- (c) States to have the right to borrow in Australia stated sums;
- (d) States to have certain freedom, subject to the previous clause, in relation to borrowing from Savings Banks, &c.

The arrangements do not apply to renewals by the States of their existing loans. The moneys referred to in the agreement are for the ordinary public works, &c., of the States, and are not for the settlement of returned soldiers on the land or for other repatriation purposes.

The operations under the agreement of 6th November, 1915, are:—

Loans raised by the Commonwealth for the States (except New South Wales) in London	£16,750,000
Advanced out of the Notes Fund up to 30th June, 1919	950,000
Balance to be found by the Commonwealth for the year 1919	2,040,000
Total loaned or to be loaned	£19,740,000

The Commonwealth is directly responsible to the British creditors for the moneys borrowed for the States. The Commonwealth collects the interest from the States, which must also pay the principal to the Commonwealth when due.

**Co-ordination of Australian Public Borrowing.** These agreements in relation to borrowing for State public works, and difficulties arising out of the war, brought the Commonwealth and States into closer connexion than before. The position,

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however, still remained unsatisfactory, and the Government therefore made a proposal that the State Governments should give to the Commonwealth full control of all State and local government borrowing for the three years ending 31st December, 1921.

A temporary arrangement of this nature could have been at once entered into, and would have afforded time for consideration of a permanent scheme based upon experience in the three years.

The proposals were considered at a Conference of Commonwealth and State Ministers in January last, but the New South Wales and Victorian Governments would not accept the scheme. The Commonwealth Government thereupon decided it would not be wise to proceed only on behalf of the smaller States.

**Loans for Settlement of Returned Soldiers on the Land.** The Government has undertaken to provide funds by way of loans to the States for the following phases of soldier land settlement:—

1. Advances to soldier settlers for the purpose of effecting improvements or purchasing implements, stock, &c.
2. Purchase of land.
3. Works incidental to opening up fresh holdings.

Loans to the States for these purposes are made at a rate of interest corresponding to the cost of the money to the Commonwealth. The rate of any advance is to be reduced, however, during the first five years of its currency by 2½ per cent., in order partially to recoup the States for losses which will necessarily be incurred in connexion with land repatriation.

It is not possible at present to estimate the ultimate cost of land settlement of returned soldiers, but it is clear that a very large sum will be required. The loans to date and the estimated requirements for the present financial year are as follows:—

1916-17	£20,000
1917-18	20,000
1918-19	1,047,963
Estimate 1919-20	6,085,000
Total up to 30th June, 1920	£7,172,963

Loans to States for Municipalities and for Forestry. The Government undertook to advance money through the States to the local governing bodies to finance such works as the local authorities might undertake. No moneys have yet been loaned for this purpose, but it is estimated that £1,500,000 will have been advanced by the 30th June, 1920.

The Commonwealth has also arranged to lend moneys to the States for forestry work, which will give employment to returned soldiers. It is anticipated that £70,000 will be required for this purpose during the current financial year.

Loans to States for Silos. In order to facilitate the construction of silos for wheat storage, the Commonwealth in 1917 agreed to lend the States a sum not exceeding in all £2,850,000. The advances are:—

1917-18 .....	£33,109
1918-19 .....	2,893
Estimate 1919-20 .....	853,000
	£889,002

Summary of Loans to the States. The following is a summary of loans to the States:—

Out of Notes Fund (repayable between 1919 and 1926) .....	£2,634,000
Out of Notes Fund (repayable five years after the war, but not later than 1925) .....	18,000,000
Under agreement of 6th November, 1915—	
Raised in London .....	16,750,000
Advanced out of Notes Fund up to 30th June, 1919 .....	950,000
Balance to be found by Commonwealth for the year 1919 .....	2,040,000
<b>Total for State Public Works</b>	<b>£40,374,000</b>

Advances for settlement of returned soldiers on the land (including Estimate 1919-20) .....	£7,172,963
Advances for loans to local government bodies (Repatriation work)—Estimate 1919-20 .....	1,500,000
Advances for forestry (Repatriation work)—Estimate 1919-20 .....	70,000
Advances for Silos (including Estimate 1919-20) .....	889,002

**Total up to 30th June, 1920** £50,005,965

Australian Notes Fund. On the 3rd October, 1919, the position of the Australian Notes Fund was:—

Sovereigns held in Treasury (equal to 43.63 per cent. of the Note Issue) .....	£23,893,335
Account current in Bank .....	3,049,149
Advances to Mints for purchase of bullion .....	569,000
Loans made to States before war began .....	1,834,000
Loans made to States since war began .....	19,050,000
Used by the Commonwealth for Works and Redemption of loans .....	7,475,382
Commonwealth War Loan Securities purchased .....	63,640
Fixed deposits in Banks .....	4,487,600
<b>Total of the Fund</b>	<b>£60,422,106</b>

The foregoing assets were created by—	
Issuing Notes amounting to ..	£54,262,651
Interest on Investments ..	£6,168,777
Less expenses of Note Issue ..	514,322
	5,654,455
Amount deposited by Banks for Notes ..	505,000
	£60,422,106

The annual interest at present being earned on investments is £1,339,174.

The Australian banks undertook that, during the war, they would not present Australian Notes at the Treasury for redemption in gold. By this agreement, which is still in operation, the Treasury has been able to create the large circulation which exists. On the 3rd August, 1914, just before the outbreak of war, notes were held by the banks and the public respectively as follows:—

Banks .....	£5,032,149
Public .....	4,822,774
<b>Total</b>	<b>£9,854,923</b>

On the 11th August, 1919, the position was:—

Banks (including £10,021,923 held by the Commonwealth Bank) .....	£35,214,124
Public .....	19,367,966
<b>Total</b>	<b>£54,582,090</b>

The figures show an increase in the note circulation of £45,000,000 since the war commenced. That expansion has frequently been the subject of criticism, but the Commonwealth Government, fully recognising that an excessive issue of notes should be avoided, has kept the circulation to an amount which, having regard to war conditions, was not likely to be harmful.

Artificial finance is not the only reason for high prices, but, if it were, the effect of the increase in Australian notes would be relatively small, because there have been inflated credits all over the world, resulting in a world-wide increase in prices. Had the Australian Note Issue not been increased beyond its pre-war amount, we should nevertheless have had the prices of to-day.

About the time the armistice was signed, the Australian note circulation reached its highest point, namely, £59,670,000. The issue has since been reduced by £5,000,000.

Estimated Revenue, 1919-20. It is now necessary to place before honorable members the Estimates for the year ending 30th June next.

The Estimates of Revenue of the Commonwealth for the year ending 30th June, 1920, amount in all to £46,346,635

The revenue received during last year was £44,768,468

so there is an estimated increase of £1,578,167

Details of the Estimates of Revenue will be found in the printed Budget-papers, and there seems to be no need to go further into the matter here.

Entertainments Tax. A Bill will be submitted providing for the abolition of tax on 3d. tickets, except tickets for admission of adults to continuous picture shows, which will be taxed at  $\frac{1}{2}d$ . The tax on 6d. tickets will be reduced from 1d. to  $\frac{1}{2}d$ . The tax on other tickets will remain as before. The Government believes this relief can legitimately be granted now that the war is over and the resulting

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commitments have been more definitely ascertained.

Taxation of Leasehold Estates in Crown Lands. Prior to 1914, the Federal land tax did not apply to Crown lands held under lease, except perpetual leases without revaluation and leases with the right of purchase. In 1914 the law was amended so that leases of Crown land to be used for pastoral, grazing, cultivation, homestead, mining, or timber purposes came within the scope of the tax.

Only a small portion of the tax due upon Crown leaseholds has been collected, because disputes arose as to the operation of the law, and some startling discrepancies existed between valuations of the Department and values alleged by the owners. The matter was so much clouded that a Royal Commission was appointed in December last to make inquiries. The Commission's report was recently placed in the hands of the Government, and will be laid on the table to-morrow.

The Government have decided to give effect to the following recommendations of the Commission as soon as practicable, namely:—

- (1) That the interest in the leasehold should be ascertained by capitalizing the difference between the full economic rent and the rent reserved to the Crown on a basis of about 8 per cent. instead of  $4\frac{1}{2}$  per cent. as heretofore.
- (2) That a Valuation Appeal Board be constituted.

The other recommendations of the Commission are still under consideration and the attitude of the Government in relation to them will be announced at a later date.

Estimated Expenditure out of Revenue, 1919-20. The estimate of the expenditure out of revenue for the year which will end on 30th June, 1920, is £49,570,203

In the previous financial year the expenditure actually made was £45,135,876

an increase of £4,434,327

This increase occurs under the following heads:—

War expenditure out of revenue— increase	£3,649,707
Payments to States under Surplus Revenue Act, increase due to re- turn of soldiers and to other addi- tions to population	308,167
Old-age and Invalid Pensions—in- crease	420,760
Interest paid on behalf of States and recoverable from them—in- crease	100,938
Total increases	£4,479,572

Take off the following, namely:—

Ordinary expenditure—de- creased by	£37,230
Additions, New Works and buildings—decrease	8,015
 Total deductions to be made	45,245
 Increase as before stated	£4,434,327
 It will be noticed that the ordinary ex- penditure has been reduced by £37,230	
and new works by	8,015
 making a total reduction of	£45,245

This is an absolute reduction, notwithstanding many inevitable increases. The amount of these may fairly be added, as showing the extent of the effort which has been made to curtail expenditure. The following are unavoidable additions to expenditure:—

Interest and sinking fund on works loan	£33,496
Elections	77,541
Interest payable to States on trans- ferred properties	41,161
Increase in pay of Australian Navy	75,000
Increases payable to employees under Arbitration Court awards and vari- ous laws	109,432
War bonuses	36,000
Increased cost of mail services	100,000
Additional day's pay for leap year	22,000
Other inevitable increases due to in- creased prices and charges gene- rally, estimated at	150,000
 Total	£689,875

That is to say, if the estimated expenditure had not necessarily been increased in the directions referred to, the efforts of the Treasury would have resulted in a reduction of estimated ordinary expenditure amounting to nearly £700,000 per annum.

The task of revising the Estimates was long and difficult, but by patient and resolute work, the Treasury was able to cut more than £4,000,000 out of the Estimates submitted by the Departments. What has been done is not to be taken as a spasmodic effort; the Government is determined that value shall be obtained for all its expenditure, and intends continuously to exercise the closest supervision over expenditure.

Royal Commission on Economies. In November of last year a Royal Commission was appointed to consider and report upon the public expenditure of the Commonwealth, with a view to effecting economies. The Commission has been inquiring closely into the working of Departments, and has furnished its first progress report. The Government will give effect to the recommendations of the Commission wherever possible. The report has been referred to the Departments concerned for consideration, and the Government proposes to place it upon the table, with the departmental replies, as soon as the latter are to hand.

War Expenditure out of Revenue. The war expenditure out of revenue in 1918-19 may be compared with the estimate for 1919-20 in the following way:—

	Actual, 1918-19.	Estimate, 1919-20.
	£	£
Interest and Sinking Fund on War Loans	11,287,587	14,643,066
Interest to British Government (two years paid in 1918-19)	3,430,000	1,816,000
War Pensions	4,828,072	5,450,000
Repatriation	1,300,044	2,644,885
Other	403,636	345,095
 Total	£21,249,339	£24,899,046
 New Works Expenditure out of Re- venue. In 1918-19 there was spent out of		

revenue for additions, new works, and buildings, £405,159. In the current financial year the estimate is £397,144. Details will be found in the Estimates.

Estimated Revenue and Expenditure—1919-20—brought together.—

As before stated, the accumulated surplus at 30th June, 1919, amounted to .....

The Revenue of 1919-20 is estimated at .....

£3,558,412  
46,346,635

Total available .....

The estimated expenditure out of Revenue in 1919-20 is .....

£49,905,047  
49,570,203

Deducting that from the amount available, it is found that the whole surplus brought forward will not be expended, but there will be an estimated balance remaining in hand on 30th June, 1920, amounting to .....

£334,844

Works to be Constructed out of Loan. In 1918-19 the expenditure under this head amounted to .....

£1,085,364  
1,460,221

The estimate for 1919-20 is .....

An increase of .....

£374,857

This increase is made up of :

Military and Naval .....	£27,067
River Murray Scheme .....	10,940
Land in or adjacent to Federal Capital Territory .....	15,987
London Offices .....	15,880
Postmaster-General's Department .....	321,999

Total increases .....

391,873

Deduct decreases .....

17,016

Net increase as before stated .....

£374,857

With regard to the increases in the Military and Naval estimate, it is to be explained that, notwithstanding the urgent necessity of curtailing expenditure, the Treasury has found itself obliged to provide for large sums to be expended in this year, partly because considerable amounts have already been spent in the first months of the financial year, and partly owing to the fact that harm might have been done to future efficiency by discontinuing services not immediately required, but certain to be useful later.

During the war it was not possible to provide the Postmaster-General's Department with funds sufficient to carry out important and revenue-producing work. A commencement has, therefore, been made to supply the Department with moneys required to meet the legitimate demands of the public for telephones and buildings.

War Expenditure. Though the war is over, it is necessary still to provide large

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sums to meet the obligations. Many expenses of direct warfare have yet to be paid, and large repatriation expenditure must be met. It is estimated that during the present financial year a total of £52,334,579 will be expended out of war loan.

Old-age and Invalid Pensions. The Government has had under consideration the difficulties imposed on old-age and invalid pensioners by the increased cost of living, and will introduce a Bill to raise the weekly rate from 12s. 6d. to 15s., to take effect on and after 1st January next.

Repurchase of War Loan Securities. Under the War Loan Securities Act 1918, the Treasurer is required to pay monthly from war loan moneys, into a Trust account, a sum equal to one-eighth per cent. of the total war loans subscribed by the public. The moneys so provided are used in repurchasing war loan securities.

Since the Act was passed, on the 11th June, 1918, war loan bonds and stock re-

presenting a face value of £2,650,000 have been bought at market prices.

An additional £200,000 of the bonds and stock has been purchased from the public out of the Loans Sinking Fund, into which the Treasurer annually pays revenue moneys equal to 10s. for every £100 of the public debt, except a small portion thereof.

The purchases have a useful effect in assisting to maintain prices in the market.

Public Debt of the Commonwealth. The public debt was £325,783,566 at 30th June, 1919, made up of the following items:—

War loans raised in Commonwealth	£194,086,462
Deduct repurchases and securities surrendered in payment of succession duties	4,414,447
Outstanding debt in Australia	£189,672,015
Borrowed from British Government	47,500,000
Increase in foregoing amount owing to conversion operations by British Government	1,582,059
Total war loans	£238,754,074

Accrued deferred pay, Australian Imperial Force to 30th June, 1919	£5,500,000
Indebtedness to Government of United Kingdom for maintenance, transport, and equipment of Australian Imperial Force to 30th June, 1919	37,139,000
Other public debt—	
Loans raised in London for the States for public works	16,750,000
Loans for Commonwealth works, land, loan redemption, &c.—	
From Notes Fund	£7,475,382
From Sinking Fund	299,010
From Trust Fund	4,471,370
Total	£12,245,762
Balance of Northern Territory loans taken over from State	2,433,108
Balance of Port Augusta to Oodnadatta railway loans taken over from State	1,759,003
Value of properties transferred from States	11,202,619
Total public debt of Commonwealth on 30th June, 1919	£325,783,566

Public Debt of Commonwealth and States.—The Public Debt of the Commonwealth on the 30th June, 1919, was £325,783,566. The Public Debt of the States at 30th June, 1918, was £399,742,070.

These figures total £725,525,636. From this sum there must be deducted the following debts, which are included in the Commonwealth as well as the State Debts—

Loans raised by the Commonwealth for the States at 30th June, 1918	£13,560,000
Loans taken over by the Commonwealth from South Australia in connexion with transfer of Northern Territory	4,192,111
Total	£17,752,111

Total Public Debt of the Commonwealth and the States £707,773,525

The annual interest bill in respect of these debts is—

On Commonwealth Debt	£15,202,728
On State Debt	15,655,694

Total	£30,858,422
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Deduct interest included in Commonwealth as well as in State £896,847

Total annual interest on Commonwealth and State Public Debt £29,961,575

In considering this huge debt it must be remembered that there are valuable revenue producing assets which have been

constructed out of loan moneys. The principal of these are the States railways, waterworks, and other public works,

which produced in 1917-18 a net income of £9,959,083. This amount is available for the payment of interest.

The States have Sinking Funds of £11,447,107, and Commonwealth Sinking Funds amount to £2,104,202, the total being £13,551,309.

The public debt of Australia is being added to from time to time by State borrowing, and will be increased by about £40,000,000 to be raised by the Commonwealth in 1919-20 for war and repatriation purposes. On the other hand, the Commonwealth borrowings this year will clear off the deferred pay of £5,500,000, and will enable £4,000,000 of debt to British Government to be discharged. The net Commonwealth increase of debt will, therefore, be about £30,500,000.

In considering the debt to be added in this financial year, it is important to remember that the increase will be set-off largely by interest-earning or reproductive assets. In the case of the States, this set-off will represent practically the whole addition to the debt, while the advances to ex-soldiers for homes and land settlement will be wholly repaid to the Commonwealth, with interest, and some of the other Commonwealth loan expenditure will also be reproductive.

The Prime Minister (Mr. Hughes) has informed the House that even at the best only a comparatively small sum is likely to be received by Australia as a war indemnity from Germany. He said—

We cannot hope to get relief to the extent of more than £100,000,000. . . . Probably—or possibly—we may receive between now and the end of April, 1921, anything from £5,000,000 to £8,000,000. I say, we may. How much we shall get afterwards, I do not know. The rest of the payment is spread over thirty years.

Clearly, Australia must rely on her own resources and on the industry of her people for the ultimate discharge of the debt.

Conclusion. The greatest war the world ever saw has left the nations with staggering debts, disturbed finances, and labour unrest. Of these Australia has a share, but I am happy in the consciousness that Australia's troubles are less than those of other countries, and that there is every reason to expect our future will be bright. We faced four years of terrible war with courage, and the virility

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of our population was made perfectly clear by hundreds of thousands of Australians upon the battle-fronts. Among the peoples of the world there is no finer stock than that from which our fighting men sprang. Australian character is such that our people can be depended upon to overcome the difficulties of reconstruction and to face the problems of peace with stout hearts and determination to build a proud and prosperous nation in these southern seas. Looking into the future, I see countless flocks and herds, ripening grain covering many landscapes, mines and factories without number, and fleets of great ships carrying produce to the nations. I see, too, multitudes of people, happy, rejoicing in liberty, and accomplished in all the arts which mark a highly civilized nation. I conclude by moving—

That the first item in the Estimates under Division 1, The Parliament, namely, "The President, £1,100," be agreed to.

Progress reported.

Mr. HIGGS.—I call attention to the state of the House. [Quorum formed.]

#### BUDGET PAPERS.

Mr. POYNTON.—By command of His Excellency the Governor-General I lay on the table the Budget Papers for 1919-20 prepared for the information of honorable members.

Ordered to be printed.

#### INCOME TAX BILL.

*In Committee of Ways and Means:*  
Motion (by Mr. Poynton) proposed—

That a tax be imposed on income derived from sources in Australia at the following amounts and rates, namely:—

A.—RATE OF TAX UPON INCOME DERIVED FROM PERSONAL EXERTION.

For so much of the whole taxable income as does not exceed £7,600 the average rate of tax per pound shall be Threepence and three eight-hundredths of one penny where the taxable income is One pound sterling, and shall increase uniformly with each increase of One pound sterling of the taxable income by three eight-hundredths of one penny.

The average rate of tax per pound sterling for so much of the taxable income as does not exceed £7,600 may be calculated from the following formula:—

R = average rate of tax in pence per pound sterling.

I = taxable income in pounds sterling.

$$R = \left( 3 + \frac{3}{800} I \right) \text{ pence.}$$

For every pound sterling of taxable income in excess of £7,600, the rate of tax shall be Sixty pence.

**E.—RATE OF TAX UPON INCOME DERIVED FROM PROPERTY.**

(a) For such part of the taxable income as does not exceed £546 the average rate of tax per pound sterling shall be that given by the following formula:—

$R = \text{average rate of tax in pence per pound sterling.}$

$I = \text{taxable income in pounds sterling.}$

$$R = \left( 3 + \frac{1}{181.058} \right) \text{pence.}$$

(b) For such part of the taxable income as exceeds £546 but does not exceed £2,000, the additional tax for each additional pound of taxable income above £546 shall increase continuously with the increase of the taxable income in a curve of the second degree in such a manner that the increase of tax for One pound increase of taxable income shall be—

11.713 pence for the pound sterling between £545 10s. and £546 10s.

12.768 pence for the pound sterling between £599 10s. and £600 10s.

14.672 pence for the pound sterling between £699 10s. and £700 10s.

16.512 pence for the pound sterling between £799 10s. and £800 10s.

18.288 pence for the pound sterling between £899 10s. and £900 10s.

20.000 pence for the pound sterling between £999 10s. and £1,000 10s.

27.600 pence for the pound sterling between £1,499 10s. and £1,500 10s.

33.600 pence for the pound sterling between £1,999 10s. and £2,000 10s.

(c) For such part of the taxable income as exceeds £2,000, but does not exceed £6,500, the additional tax for each additional pound of taxable income above £2,000 shall increase continuously with the increase of the taxable income in a curve of the third degree in such a manner that the increase of tax of One pound increase of taxable income shall be—

33.600 pence for the pound sterling between £1,999 10s. and £2,000 10s.

40.000 pence for the pound sterling between £2,499 10s. and £2,500 10s.

45.300 pence for the pound sterling between £2,999 10s. and £3,000 10s.

49.600 pence for the pound sterling between £3,499 10s. and £3,500 10s.

53.000 pence for the pound sterling between £3,999 10s. and £4,000 10s.

55.600 pence for the pound sterling between £4,499 10s. and £4,500 10s.

57.000 pence for the pound sterling between £4,999 10s. and £5,000 10s.

58.800 pence for the pound sterling between £5,499 10s. and £5,500 10s.

59.600 pence for the pound sterling between £5,999 10s. and £6,000 10s.

60.000 pence for the pound sterling between £6,499 10s. and £6,500 10s.

(d) For every pound sterling of taxable income in excess of £6,500 the rate of tax shall be Sixty pence.

**C.—RATES OF TAX IN RESPECT OF TAXABLE INCOME DERIVED PARTLY FROM PERSONAL EXERTION AND PARTLY FROM PROPERTY.**

(a) For every pound sterling of taxable income derived from personal exertion, the rate of tax shall be ascertained by dividing the total amount of the tax that would be payable under Subdivision A if the total taxable income of the taxpayer were derived exclusively from personal exertion by the amount of the total taxable income.

(b) For every pound sterling of taxable income derived from property, the rate of tax shall be ascertained by dividing the total amount of the tax that would be payable under Subdivision B if the total taxable income of the taxpayer were derived exclusively from property by the amount of the total taxable income.

**D.—ADDITIONAL TAX.**

In addition to the tax payable under the preceding provisions, there shall be payable, in the case of incomes in respect of which the tax is calculated under the foregoing provisions, an additional tax equal to 25 per centum of the amount of the tax so calculated.

**E.—SUPER TAX.**

In addition to any tax (including additional tax, if any) payable under the preceding provisions, there shall be payable a super tax equal to 30 per centum of the total amount of the tax so payable.

**F.—TAX PAYABLE IN CERTAIN CASES BY PERSONS NOT MARRIED AND HAVING NO DEPENDANTS.**

Notwithstanding anything contained in the preceding provisions, the tax payable by any person who—

(a) is not married, has no dependants, and is not an absentee; and

(b) has a gross income of not less than One hundred pounds, or, in the case of a person carrying on a business in Australia, has an income from the business which, after deducting from the gross income the deductions specified in paragraph (a) of sub-section (1) of section 18 of the Income Tax Assessment Act 1915-1918 amounts, together with his income from all other sources in Australia, to not less than One hundred pounds; and

(c) would, apart from this provision, not be liable to pay an income tax of One pound or upwards, shall be One pound.

**G.—TAX PAYABLE IN RESPECT OF A CASH PRIZE IN A LOTTERY.**

There shall be payable in respect of a cash prize in a lottery won after the thirtieth day of June, 1919, income tax to the amount of 13 per centum of the gross prize money.

**H.—RATES OF TAX UPON THE INCOME OF A COMPANY.**

(a) For every pound sterling of the taxable income of a company which has not been distributed to the members or shareholders of the

company the rate of tax shall be Two shillings and sixpence.

(b) For every pound sterling of the income of a company distributed to the members, shareholders, or stockholders of the company who are absentees, and of interest paid or credited by the company to any person who is an absentee in respect of debentures of the company, or on money lodged at interest with the company by such person, the rate of tax shall be Eightpence.

**Mr. HIGGS** (Capricornia) [5.2].—So far as I can see the Opposition are not likely to object to this measure. Sometimes I wonder why Parliament has not made the income tax a permanency, because it will doubtless be so, at least during our time. For Parliament to be required to pass a measure each year for the renewal of income taxation seems a waste of time.

Question resolved in the affirmative.

Resolution reported, Standing Orders suspended, and report adopted.

*Ordered:*

That Mr. Groom and Mr. Poynton do prepare and bring in a Bill to carry out the foregoing resolution.

Bill presented by Mr. POYNTON, and read a first and second time.

*In Committee:*

Clause 1 (Short Title.)

**Mr. HIGGS** (Capricornia) [5.5].—I understand that this measure is similar to the Act of last year, but, after all, that is no reason why the Prime Minister (Mr. Hughes), who has used such violent language concerning the profiteer should not be here. He said he would—well, I do not like to use the expletive he used—“d—” the profiteer, and shoot him if he could. It was an invitation to the Bolsheviks in this country, if there are any, to take action. If the Prime Minister desires to deal with those people who have been availing themselves of the opportunity of exploiting the public, here is his chance. He could have submitted an amendment to the Income Tax Act which would have compelled those people who have been robbing widows, the soldiers who have returned, and their dependants, of their hard earnings, to contribute towards the Commonwealth revenue.

The CHAIRMAN (Hon. J. M. Chanter).—Order! I would point out to the honorable member that the clause deals only with the short title. His remarks would be more appropriate on the next clause.

Clause agreed to.

Clause 2—

The Income Tax Assessment Act 1915-1918 shall be incorporated and read as one with this Act.

**Mr. HIGGS** (Capricornia) [5.7].—At the present time I should be addressing my constituents and not occupying my time in this way. In spite of the fact that the Prime Minister will not tell the general public that a general election is to take place—doubtless he is keeping that information for his own supporters—it is generally known that an election is pending. I am between two opposing forces, and although I feel it my duty to go to the country, at the same time I owe a duty to the public. The Prime Minister is falling upon the necks of the returned soldiers and asking them to kiss him.

The CHAIRMAN.—I am afraid the honorable member is departing from the Bill.

**Mr. HIGGS**.—That may be, but the Prime Minister is wasting his time in trying to get votes when he should be here dealing with the profiteer by means of the Income Tax Bill. We have nine months before us in which the Prime Minister could carry out his promise to protect the people. What better way could he find of dealing with gentlemen who are charging excessive prices than by way of the Income Tax Bill? If their income tax were increased, profiteers would realize that it was hardly worth while charging excessive prices, as they would only have to return to the Treasury a correspondingly large amount in the form of income tax. We hear now that boots are actually up to £10 10s. per pair.

**Mr. GROOM**.—What?

**Mr. HIGGS**.—I understand that £10 10s. is now the price charged for a certain class of boot, but honorable members opposite pretend they do not know this is so. In yesterday's press I saw a report to the effect that £10 10s. was being charged for a pair of boots. We know also that the price of a suit of clothes has more than doubled in recent years, and I say that by means of the Income Tax Bill we could deal with those gentlemen who are unfairly taxing the public by charging excessive prices for their goods. If these profiteers felt that they were being unfairly treated they could go before the Commissioner and state their case. A man might be able to show that he was paying 18s. 6d. or 25s. per yard

for material used in a suit of clothes, or if he were a wholesale distributor that the price at which he obtained his material from the woollen mills allowed him only, a certain percentage of profit. Only the other day there came under my notice an instance of 12s. 6d. being charged the general public for a hat which was distributed by the wholesaler to the retailer at 5s. That is profiteering.

Mr. MAXWELL.—Was that price charged in various retail establishments or in one only?

Mr. HIGGS.—I heard of only one instance.

Mr. MAXWELL.—Is the honorable member sure of his facts?

Mr. HIGGS.—The honorable member for Fawkner appears suddenly to have awakened to a sense of his duty. I have pointed out to him before that his silence in this House will be his undoing. He is an able man, with plenty of brains and intelligence, but for the last two years he has been a dumb follower of the Government. Now he finds his tongue and asks me an objectionable question, suggesting that I am making a statement not based upon facts.

Mr. MAXWELL.—I am doing nothing of the kind.

Mr. HIGGS.—The honorable member asked me if I am sure of my facts, and in reply I tell him I would not mention the matter unless I were sure. But let us get back to the main point, and that is, that this so-called National Government, since they cannot shoot the profiteer, as the Prime Minister suggested, can only condemn him to perdition. They are asking for certain legislation, because they pretend that they have no power to deal with these commercial pirates, who, if they had not already hoisted the black flag, ought to do so instead of flying the Australian flag over their business establishments. Honorable members opposite declare that they want power to deal with the profiteers, and I reply that, in the measure now before the Committee, there is ample scope for action in this direction. But the Government have no intention of doing that at all, because too many of their supporters are really representatives of the profiteers, of that class represented by the coal mine owner, who, in order to be able to pay the mine workers an extra 2s. per ton was permitted recently to charge an extra 5s.

9d. per ton to the public. And these are the gentlemen who are going to deal with the profiteers! The honorable member for Darling Downs (Mr. Groom) is going to his electorate shortly to tell the people there that the Government intend to deal with the profiteers; but is there any reason to believe that the Government will do so, when we know that at a secret conference they allowed the coal mine owners to impose an additional burden upon the general community, and thus cause a serious financial disturbance among our secondary industries?

The CHAIRMAN (Hon. J. M. Chanter).—This discussion may be in order at another stage, but it is decidedly out of order on this clause.

Mr. HIGGS.—I am showing, by way of illustration, Mr. Chairman, that here is an opportunity for the Government to deal with the profiteer. Clause 3 says—

Income tax is imposed at the rates and amounts declared in this Act.

By reference to the Act, I find that the rates are as set out, and I am urging that the Government have an opportunity of increasing the rates so as to deal with those business people who treat the public unfairly.

The CHAIRMAN.—The honorable member will be in order in doing that at the proper stage of the Bill, but not now.

Mr. HIGGS.—If I am out of order, you will pardon me if I say that you invited me to make these remarks on this clause.

Mr. FENTON (Maribyrnong) [5.20].—It is about time the Government introduced a method of imposing taxation which would prevent the impost from being passed on.

Mr. GROOM.—How would you do that?

Mr. FENTON.—There should be some means of seeing that the person taxed paid the tax. The sources, or authors, of taxation in the Commonwealth are not the Parliaments which pass taxation measures, but the people who avoid paying by passing it on. Under this measure we propose to impose taxes to the extent of some £8,000,000 or £9,000,000. That sum will be secured, in the last resort, from the pockets of the poor.

Mr. RICHARD FOSTER.—It will be taken from the pockets of the people.

Mr. FENTON.—From the poor people.

Mr. PIGOTT.—And the land-owners.

**Mr. FENTON.**—There are two classes in the community who cannot pass on the burden of taxation. One of these is the land-owner. During the war the price of his wool was fixed, with considerable advantage to himself; the price of his wheat was fixed, with rather less advantage; the prices of other products were fixed, with considerable benefit, generally, to the land-owner. In normal times, however, he cannot pass on the amount of his taxes, and, therefore, must pay. The second class of individual who cannot pass on the burden of taxation is the person receiving a fixed income. He and the land-owner comprise the bulk of the community. They cannot avoid their responsibilities in the direction of payment of taxation; and, besides, they are fleeced by the profiteer right and left.

**Mr. HIGGS (Capricornia) [5.25].**—I move—

That the following words be added:—“With a super tax of 100 per cent. on all persons found guilty of profiteering.”

I admit that I am modest in asking for the imposition of so light a penalty.

**The CHAIRMAN (Hon. J. M. Chanter).**—I point out that the amendment is not in order. No private, or non-official, member may move to increase the burdens of the people.

**Mr. PAGE (Maranoa) [5.26].**—I am sorry that the honorable member for Capricornia may not move his amendment; but I hope that the Minister for Works and Railways (Mr. Groom) will do so. He will, if the Government be in earnest in dealing with profiteers. I desire to ask whether I would be in order in moving, by way of amendment, for the granting of a deduction of £50 per head to all tax-payers with families of five or more children.

**The CHAIRMAN.**—The honorable member will have an opportunity of moving in that direction when the Committee is considering the schedules.

**Dr. MALONEY (Melbourne) [5.28].**—I regret that action cannot be taken here and now in the direction of putting down profiteers. The income tax commences with persons in receipt of less than £2 per week. The incidence of its progress ceases with persons receiving £6,500 per annum. That is indefensible. Eighty per cent. of the eligible men of the Commonwealth offered their services to the country, and over 60,000 of

them paid the supreme penalty. No one can say that money taken by taxation can be regarded as a sacrifice equivalent to the offer of human life. If the Government are honestly anxious to put down profiteering, why should they not continue the incidence of this taxation so that persons in receipt of these larger incomes would pay more than they have to pay to-day? We should then be able at least to say that the wealthy people of this country are being taxed just as the wealthy people of the United Kingdom have been called upon, as the result of the war, to submit to increased direct taxation. This is a mere bagatelle compared with the taxation which the wealthy people of Great Britain have to pay. The Government are not taking advantage of the opportunity to bring in a more up-to-date Income Tax Bill. This, I think, is but a replica of the existing Act.

**Mr. GROOM.**—It is a repetition of the terms of the present Act.

**Dr. MALONEY.**—I enter my protest against it. Persons in receipt of large incomes ought not to object to increased taxation. I have before me a report issued by the Inter-State Commission in December last, showing the largely increased prices which the people have to pay for their commodities, and I protest against the failure of the Government to attempt, by means of the War Precautions Act or otherwise, to lighten the burdens of the people, who, as every honorable member must know, are being robbed at the present time.

Clause agreed to.

Clause 3 (Imposition of income tax).

**Mr. CHARLTON (Hunter) [5.32].**—I regret that the Government are again imposing this measure of taxation without making certain very necessary amendments of the existing Act. The position is that, notwithstanding the great increase in the cost of living, the working people of this country are again to be asked to pay income tax subject to an exemption of £100 in the case of unmarried persons, and of £156 in the case of married persons. Such an exemption is altogether too low. The Acting Treasurer (Mr. Poynton), in his Budget statement this afternoon, said that those in receipt of an income of less than £200 per annum contribute only about 4 per cent. of the direct taxation of the Commonwealth. I venture to assert, how-

ever, that many who really are not in a position to pay income tax are being called upon to do so. The purchasing power of the sovereign, compared with what it was when the original Act was passed, has been reduced to the extent of at least 7s. 6d., yet the Government propose to continue the imposition of direct taxation upon the great body of the people who are struggling to exist. This Parliament will not be warranted in going to the country without increasing the income tax exemption. There should be no distinction. The lowest exemption under this Act should be £250. With such an exemption we ought to be able to obtain the revenue required by imposing a higher rate upon persons in receipt of more than £250 per annum. It is idle to say that our direct taxation has reached the breaking point. The banking returns show that a section of the community is wealthier than it was when the original Act was passed. These people have been able to add to their wealth during the war, largely by reason of the fact that in many cases they have compelled the public to pay considerably more than they should have to pay for groceries and clothing. It has been pointed out again and again in this House that many people have been doing exceedingly well at the expense of the great mass of the community. On behalf of those in receipt of small incomes, I make this plea, and urge that the Government are not justified in proposing to go to the country without amending the existing Act by increasing the exemption. Then, again, a deduction of only £26 per annum is allowed in respect of every child. That means that a married man with one child to support is called upon to pay this tax if he is in receipt of £180 per annum, although on such an income, particularly if he has to pay rent, he can barely exist.

I have a vivid recollection of the position I took up when the original Bill was before us. I then pointed out that it would be impossible to administer it without causing a good deal of friction. The Minister in charge of the measure, after making inquiries from his responsible officers, replied that there was no ground for my fears. Experience, however, has shown that I had every justification for the statement I made. In my own electorate hundreds have been prosecuted under the Act for failing to furnish re-

turns. The Government speak of large additions to the revenue as the result of fines imposed for non-observance of the Income Tax Act. The Commissioner of Taxation, Mr. Ewing, is a capable officer and a very fair man. When I brought before the House the action of his Department in prosecuting a number of working people in my electorate who had failed to furnish returns because they did not know that they were obliged to do so, Mr. Ewing, at great personal inconvenience, visited my electorate, and found that my statement was correct. He discovered that an office had been established there by the Deputy Commissioner, that all round prosecutions were taking place, and that large sums by way of fines were being collected from many of my constituents. These people did not furnish returns, because they did not know that they had to do so. They had been accustomed to an income tax exemption of £250, and did not expect that they would be called upon to pay this tax. They were prosecuted, not because they would not send in returns, but because they failed to furnish them within a certain date. As soon as they learned that returns were expected of them, they sent them in, and I was promised in this House that in such cases no further prosecutions would take place. I hold that people so circumstanced should not be exposed to the risk of prosecution. Surely we are not going to say that the interest bill in respect of our war loan expenditure must be met by the poorer sections of the community.

Some time ago I asked whether the Government were prepared to exempt returned soldiers from income tax in respect of their earnings from personal exertion. I was told that the matter would be considered. Nothing, however, has been done to exempt them. Our returned soldiers will come under this Bill. I have in my electorate at least 3,000 returned soldiers, and those who are able to work are following their usual avocations. Those who were miners have gone back to their work without troubling the Repatriation Department or asking for any assistance from it. The Government are now calling on these men, who went abroad to fight for us, while we remained at home, to contribute out of their small earnings to the liquidation of the interest bill in respect of

money borrowed to prosecute the war. Nothing in this Bill will afford them relief. Notwithstanding all the protestations of the Government, the fact remains that, under this measure, our returned soldiers will be compelled to pay taxation upon their future earnings for the purpose of defraying interest charges upon money borrowed in connexion with the war. Our Income Tax Act should be entirely remodelled, and proper exemptions should be made in the case of our soldiers who have fought abroad.

Further, we are not justified in attempting to extort from the poorer classes of the community the cost of the war. It is the wealthy people of Australia who should be obliged to foot the bill. Those who have been building up big bank balances during the war have not done their duty either to this country or to the men who fought for it. We ought to insist upon them doing their duty. To this end, exemptions under the Bill should be increased, and the rich should be obliged to contribute more than they are contributing to-day. Instead of the additional taxation which will unquestionably be imposed after the general election, being placed upon the shoulders of those who are best able to bear it, I am convinced that the present Ministry will endeavour to place it upon the shoulders of the workers of this country. The measure which is now before us will not afford the working classes any cause for satisfaction. In the district which I have the honour to represent, the miners do not keep a record of their earnings, and consequently experience great difficulty in filling in their income tax schedules. Later on, if it be found that the figures in their schedules do not correspond with the figures in the schedules furnished by their employers, the Taxation Department institutes prosecutions against them. The exemption under the Bill should be not less than £250. I am satisfied that the men who fought for us overseas will never consent to pay income tax on money borrowed for the purpose of liquidating our war indebtedness. Seeing that that money was borrowed to keep them in the field, surely we are not going to tax them in order that we may insure its repayment. I am not at all satisfied with this measure. We ought certainly to impose a stiff income tax, and we ought, as far as

possible, to prevent it being passed on. Only this week we read in the local newspapers that one big boot manufacturer had been including his income tax in his profits, and thus passing it on to the consumer. That is what invariably happens. Yet the Acting Treasurer tells us that the wage-earners pay only 4 per cent. of the total revenue derived from this form of taxation. I maintain that they pay the whole of it.

It is time we did something to remedy the blemishes upon our Income Tax Assessment Act. During war time we are, to a very large extent, carried away by our feelings and by the imperative necessity to raise as much revenue as possible. As a result, we frequently impose upon the poorer section of the community taxation which ought not to be imposed. But now that things are returning to normal, and we can see the mistakes which have been made, we ought not to repeat those mistakes. The Government will be acting wisely if they increase the general exemptions under this Bill and provide the requisite safeguards against the tax being passed on to the masses of the people.

**Mr. FINLAYSON** (Brisbane) [5.47].— In this Bill it is proposed to perpetuate the injustices inflicted under our present Income Tax Act. It provides that the tax now to be imposed shall be at the rates and amounts declared in the Bill, which are the same rates and amounts that have operated hitherto. I am one of those who believe that an income tax is a perfectly legitimate method of taxation, and I had hoped that the Government would have submitted some different proposals from those contained in this measure in order that we might more equitably distribute the burden amongst the income-earning section of the people.

The papers presented by the Acting Treasurer (Mr. Poynton) this afternoon in connexion with his Budget have not yet been sufficiently long in our possession to enable us to get a real grip of the financial position. But in the course of his remarks the honorable gentleman said—

The income tax results have been attained after allowing, in the case of married persons, for an exemption up to £156 per annum, plus £26 in respect of each child. As showing what a small proportion is paid by wage-earners, it may be stated that, in 1917-18, taxable incomes of £200 and under contributed only 4.4 per cent. of the total revenue from this tax.

Then after a few illustrations of a somewhat similar character, the Acting Treasurer added—

The figures are important in view of the oft-repeated suggestions for the conscription of wealth. It may be said that wealth really has been conscripted, and has met practically the whole of the war charges to date.

That statement is in absolute contradiction to the facts of the case and to the experience of the people. If the honorable gentleman had desired to be absolutely fair to the wage-earners, he might have placed before the Committee further figures, because I find in the Budget-papers that the taxpayers with taxable incomes of under £200 numbered 223,429, and all other taxpayers only 88,511. In those papers the Acting Treasurer further points out that those in receipt of taxable incomes of under £200 pay 4.4 per cent. of the total tax assessed; those receiving £200 to £500, 5.4 per cent.; those receiving £500 to £1,000, 7.5 per cent.; those receiving £1,000 to £10,000, 45.4 per cent.; those receiving £10,000 to £100,000, 33.4 per cent.; and those receiving over £100,000, 3.9 per cent.

Mr. POYNTON.—There are not many taxpayers who receive over £100,000 per annum.

Mr. FINLAYSON.—There are only seventeen, and the honorable gentleman overlooks the fact that they are only assessed to an amount of £273,682, and the percentage they pay of the total tax assessed is only 3.9, which is altogether out of reasonable proportion to their incomes. Most of the trouble in this country is due to the fact that all taxation is passed on in some way, with the result that the wage-earners, although not paying the income tax directly, practically carry the whole burden indirectly. To say that wealth has been conscripted, and is bearing practically the whole of the war charges, is to beg the question; no person who has an intelligent knowledge of the facts would corroborate that statement.

The honorable member for Hume (Mr. Falkiner) put the position concisely a few days ago when he said that most of our financial troubles, particularly in connexion with income tax assessment, is due to the imposition of a war-time profits tax. I notice that, although the income from that tax to the 30th June

last amounted to £1,206,647, the estimate for the current financial year is £2,200,000. For the purposes of comparison, I call attention to the income tax returns for the last four years—1915-16, £3,932,775; 1916-17, £5,621,950; 1917-18, £7,385,514; 1918-19, £10,376,832; 1919-20 (estimate), £10,500,000. Therefore, the Government do not anticipate a greatly increased return from the income tax. I have always contended that it would be to the advantage of the business of the country if the war-time profits tax were abolished—

Mr. POYNTON.—I agree with the honorable member.

Mr. FINLAYSON.—And if the £2,200,000 which the Government propose to raise from that source this year were raised through the Income Tax Office.

When the honorable member for Capricornia (Mr. Higgs) was suggesting an increase in the income tax, the honorable member for Wakefield (Mr. Richard Foster) asked whether that would satisfy him. It is not so much the amount to be earned by the tax that is the consideration as it is the effect that the increased income tax would have. There is no denying that to-day there are people in the community who are making extraordinarily large profits. It is admitted that profits are being made to-day at rates higher than were obtained in past years. That may not be true of the whole of the commercial community, but it is a notorious fact that to a large extent commercial operations are conducted on a higher percentage of profit than was the case a few years ago. The problem which this Parliament has to face is, how best to reach the men who make those large profits. They are not reached through the war-time profits tax, and I know of no better method than through the medium of the income tax. I believe that under the taxation powers contained in the Constitution this Parliament has almost unlimited scope for interfering with profiteering. I am not at all impressed by the argument that the Commonwealth must have the increased constitutional powers that are to be the subject of a referendum within the next few months in order to be able to deal with profiteering. By a re-arrangement of the income tax assessment this Parliament could reach to an effective

extent those who are engaged in profiteering.

Mr. GREENE.—Would that help the man in the street?

Mr. FINLAYSON.—Of course it would.

Mr. MAXWELL.—He would still be paying the tax.

Mr. FINLAYSON.—The method I am suggesting would render it unprofitable for a man to make huge profits; the inducement to profiteer would be lacking, just as in order to get rid of war we must remove the causes that lead to war.

Mr. GREENE.—That sounds like proposing to get rid of human nature.

Mr. FINLAYSON.—Are we not always trying to improve human nature? In order to get rid of profiteering we must make men realize that it is not worth their while to make exorbitant profits. The war-time profits tax prevents people from engaging in industries because they say, "What is the good of going into an industry when, if we make a profit, the Government will come forward and claim 75 per cent?" So, too, we can, by means of the income tax, discourage people from making enormous incomes by profiteering. If we levy taxation upon incomes earned we shall be on an unassailable basis and nobody will complain.

Mr. GREENE.—The consumer would be infinitely worse off under that proposal than under any other.

Mr. FINLAYSON.—I have no objection to the honorable member holding that opinion, but I am sure that the Acting Treasurer (Mr. Poynton) agrees with me that it would be well to get rid of the war-time profits tax altogether.

Mr. GREENE.—That is a different question.

Mr. FINLAYSON.—Then what would the honorable member do to secure the revenue that is now earned by the war-time profits tax. Would he waive that altogether?

Mr. GREENE.—Not necessarily.

Mr. PIGOTT.—The war-time profits tax was introduced by the honorable member for Capricornia (Mr. Higgs).

Mr. FINLAYSON.—From its commencement I have opposed that tax, and have advocated that our revenue collections should be based on earned incomes. I opposed the tax in the party room up-stairs, and I opposed it in this

House. I am not caucus-bound as the honorable member for Calare (Mr. Pigott) is. I am free to express my opinions in this chamber, and last week I voted against my own party.

Mr. HECTOR LAMOND.—The first time for two and a half years; and I made a note of the fact.

Mr. FINLAYSON.—The honorable member is quite wrong.

Mr. HECTOR LAMOND.—That is about the only time the honorable member has not given a party vote.

Mr. FINLAYSON.—The honorable member is very wrong.

Mr. HECTOR LAMOND.—There were only two honorable members opposite who did not follow the party.

The TEMPORARY CHAIRMAN (Mr. Charlton).—Will the honorable member for Brisbane (Mr. Finlayson) continue his speech?

Mr. FINLAYSON.—The financial position of the Commonwealth was outlined this afternoon by the Acting Treasurer, and it is a financial position of a most serious character. We are faced with a public debt of £325,783,566, and we are told that during the present financial year £52,334,579 will have to be expended, and that the interest bill is £15,202,728, while the public debt of the country is being added to from time to time, and about £40,000,000 has to be raised for war and repatriation purposes during the year 1919-20.

In view of these figures, how can we contemplate the future financial position of the country without some perturbation in our minds as to how to arrange the incidence of taxation so that the burden will fall on the backs of those most able to bear it. The notorious fact is that, whoever else in the country may be finding difficulty in financing their affairs, there is only one class that knows any stress from actual experience, and that class is made up of the wage-earners who are earning less than £200 a year. Their income is so uncertain and so narrow that they are walking on the margin of actual want every day of their lives. Their employment, too, is uncertain; and yet they have to bear a burden while the dividend-making corporations, and the income-producing power in other sections of the community, continue unabated.

The balance-sheets that appear from time to time show that, whatever may be fluctuating in regard to the finances of the country, the dividends come with persistent regularity, and suffer no reduction.

It is all a matter of how to arrange the incidence of taxation, and I agree with the honorable member for Hunter (Mr. Charlton) that the exemption should be raised in the interests of the wage-earning classes, and that the returned soldiers should be free from income tax assessment under the Federal Income Tax Act. The Acting Treasurer has told us that the workers pay only 4.4 per cent. of this taxation, and, if that be so, it is so much the easier to relieve them a little, for it would mean a loss of only £400,000. If we take the two extremes of the income tax paying sections of the community the wage-earners pay a bigger proportion than those with the highest incomes; and if it is true that the wage-earners pay only 4.4 per cent., the Government can well afford to raise the exemption. Those earning less than £250, which is the minimum exemption, would still be paying from 3 per cent. to 3.5 per cent., and I think that that is too big a share of direct taxation.

Then there is the point in regard to the returned soldiers. I took the liberty two or three years ago of telling the returned soldiers that after they came back they would find that their service had not been ended, because they would have to work their finger-nails off to pay the interest on the money borrowed for the prosecution of the war. The soldiers are now finding out how true that is, and I am prepared to go the full length in regard to relieving the returned soldiers from the payment of income tax. I know that we did relieve them from such taxation while they were at the war.

Mr. HECTOR LAMOND.—Does the honorable member mean to relieve them from taxation on incomes from property as well?

Mr. FINLAYSON.—No, only from taxation on incomes from personal exertion; incomes from property may reasonably be subject to taxation. In the matter of incomes from personal exertion, all returned soldiers, including nurses, doctors, and munition workers ought to be relieved from taxation for life.

Mr. RICHARD FOSTER.—The munition workers earned double what they earned previously.

Mr. FINLAYSON.—Not one has come back better off than he went away.

Mr. RICHARD FOSTER.—I know better, and every one knows better than that.

Mr. FINLAYSON.—Then I must be very unfortunate in the cases that have been brought under my notice.

Mr. BURCHELL.—I think the honorable member only hears of the worst cases.

Mr. FINLAYSON.—Perhaps those who are satisfied do not say anything.

Mr. TUDOR.—The most skilled of the munition workers got the worst of it.

Mr. FINLAYSON.—I have only today received a letter from a returned soldier in Brisbane, and it is not the first that I have received from him. He enclosed the letter, which he asked me to send on to the Prime Minister (Mr. Hughes) conveying a request for that honorable gentleman to redeem some of the promises he has made in regard to the treatment of returned soldiers. This man says that, in the height of patriotic enthusiasm, he gave up a position worth £6 a week, believing that when he returned he would, at any rate, be sure of a comfortable living. But he and his wife, both in ill-health, are struggling along on 30s. a week; and he is asking that he may have some consideration from the Pensions Department.

Mr. POYNTON.—Would you mind giving the name?

Mr. FINLAYSON.—The man's name is Harold Henry Proudfoot, and I forwarded his letter to the Prime Minister to-day.

Mr. BURCHELL.—Is he able to work at all?

Mr. FINLAYSON.—I do not think so—at any rate, not very well.

Mr. BURCHELL.—Does he get any sustenance allowance?

Mr. FINLAYSON.—I understand he does not get any such allowance now. I appreciate highly, not only the sacrifice that such men made of their positions in Australia, but also the risks they ran at the Front, and I am willing to go to the extreme limit in providing that these men shall not have to bear the ordinary burdens of the community while they live. I go so far as to believe it is our business to provide a house rent free for the widow of every deceased soldier, and that every soldier who has had the good fortune to

return should, at any rate, be assured that so long as he lives he will always have a roof, and enough food and clothes. We shall be paying only a small proportion of our debt to these men and women, because I include the nurses, if we guarantee that their receipts from personal exertion shall be free from income tax so long as they live.

Mr. HECTOR LAMOND.—Will you include the men from Horseferry-road as well?

Mr. FINLAYSON.—I refuse to make any discrimination. If some of them have had harder burdens imposed on them than others it is unfortunate. Serious things are to be said about the military control of affairs, which kept men in comfortable, soft, snug positions while others had to take all the risks. The fact that a man offers his services is to his credit. If the Department discriminated, and gave some men better positions than others, human nature is such that it would grasp at the opportunity, and perhaps the men are not so much to blame as the Department that did it, if there was anything wrong in the doing of it. I hope the Acting Treasurer will allow us later on to insert a new clause. I shall prepare it, and submit it later, hoping that by that time the honorable gentleman will be able to give it such favorable consideration that he will be prepared to accept it.

Mr. TUDOR (Yarra) [6.13].—I and other honorable members, including you, sir, and the honorable member for Henty (Mr. Boyd), have complained that the £156 exemption to-day is not what it was three or four years ago, when the income tax was introduced. If wages have gone up, as they have in some cases, the cost of living has increased much more rapidly. If a man who received £3 per week then is receiving £4 per week now, he is worse off, on account of the increased cost of living, and has to pay income tax in addition. I know that this is not the machinery Bill, in which we can alter that condition; but we can use this Bill to let the Acting Treasurer (Mr. Poynton) know the exact position. This is practically the only opportunity we shall have to place our views before him regarding alterations in the machinery measure. We are not likely to have the oppor-

tunity to amend the machinery Bill in this Parliament, because, apparently, we are hurrying on to an election. We on this side do not know anything definitely yet, and are not aware of the extent of the knowledge of honorable members on the other side on the subject; but if a lot of the statements in the papers are correct, and an election is pending, we are not likely to have the opportunity to alter that Bill. It is quite possible that it will fall to the lot of other persons to deal with this matter.

Mr. POYNTON.—You will have a chance next year.

Mr. TUDOR.—It is hard to say. I am not tipping to-day. My point is, that the exemption now allowed is not nearly equal to the amount allowed when the Income Tax Bill was first introduced. It is not as good for the working man as it was then. The Acting Treasurer said, in his Budget speech, that only about 4 per cent. of the income tax is paid by people receiving £200 per year and under. I am surprised that they pay so much as that. At the outside only £44 of the income of a man receiving £200 a year is taxable, and the average will be a lot less. The Customs Department finds it does not pay to collect amounts under 2s. 6d., and, probably, the Income Tax Department has a similar rule. Taking all things into consideration, 4 per cent. is a good deal to be contributed by incomes of that class, particularly as the people with the smallest incomes have the largest families. In all probability, a large number of those who earn between £156 and £200 are granted deductions for children, and a deduction for two children would relieve them of the necessity of paying the tax. However, 4 per cent. of the total income tax receipts is not by any means all that those people pay. If any one thinks the workers earning £200 a year and under are paying only 4 per cent. of the taxation of this community, he is making a great mistake. They have to pay a larger amount of the indirect taxation than other persons do.

Mr. PIGOTT.—Especially through the Customs, which you want to increase.

Mr. TUDOR.—The honorable member for Calare will find from the Budget papers that, speaking from memory, about 55 per cent. of the Customs and Excise revenue is derived from beer, spirits, and

tobacco, which includes cigars and cigarettes. It is well known that the workers in the community, who, according to the Acting Treasurer, are earning under £200 a year, are the largest tax-payers in that direction. They pay a larger proportion of that 55 per cent. than any other portion of the community does.

Mr. JOWETT.—Do you say the workers drink more than other members of the community?

Mr. TUDOR.—No; but there are more of them. To judge by the Budget-papers, it does not appear as if the Minister for Trade and Customs (Mr. Greene) thinks that we are getting any nearer prohibition. At page 12, it is shown that out of the total estimated Customs and Excise revenue of £17,750,000, Customs duties on stimulants will bring in £1,595,500, and on narcotics £1,577,650, while the Excise duty on beer will produce £3,048,000, on spirits £1,089,850, and on tobacco and snuff £1,894,580, and Excise licences are expected to return £13,020. So that of the total revenue of £17,750,000 derived from Customs and Excise no less than £9,218,600 is paid on stimulants and narcotics.

Mr. POYNTON.—And yet some people would like us to go in for prohibition.

Mr. TUDOR.—I am not discussing that aspect of the question. When it is stated that only 4 per cent. of our revenue from taxation is derived from persons in receipt of £200 and under, perhaps it might be assumed that that is all that persons in receipt of small incomes have to pay in taxation, and I am therefore concerned to remind honorable members that such persons pay most of the taxation on stimulants and narcotics through the Customs and Excise Departments, and they have, in addition, to pay increased prices for almost every commodity they use. I heard one honorable member say that a boot manufacturer deducted the amount he paid in income tax from his estimate of his profits. The reports of the Inter-State Commissioners confirm this, and go to show that every charge upon industry is passed on, and eventually the workers in the community have to pay it. I believe that 80 per cent. of our population is composed of workers, and that they pay 80 per cent. of all indirect taxation,

whilst a considerable amount of direct taxation is passed on to them in the prices which they are called upon to pay for the goods which they use. The point I desire to make is that those who get the benefit of the £156 exemption are to-day financially worse off than they were when that exemption was decided upon.

I understand that the honorable member for Maranoa (Mr. Page) intends to submit an amendment to increase the amount of deduction in respect of children. Under the law, as it at present stands, a deduction of £26 is allowed for each child under sixteen years of age. The honorable member for Maranoa intends to propose that the deduction shall remain as at present in respect of the first three children of a family under the statutory age, but be increased in respect of all children over that number in a family.

Dr. MALONEY.—The exemption should be increased to £50 for each child.

Mr. JOWETT.—I moved in that direction twelve months ago, but I did not get much support.

Mr. TUDOR.—I will guarantee that I voted with the honorable member.

Mr. JOWETT.—I believe the honorable gentleman did.

Mr. TUDOR.—Some further deductions should be provided for. There are some married people who, in addition to having to support their own families, have relatives dependent upon them, but they get no allowance under the Income Tax Act for amounts which they pay to these dependants, whilst if a single person makes an allowance to such relatives he is allowed a deduction in respect to it. It is probably more difficult for married persons to contribute to dependants in this way than it is for single persons to do so. I am aware that it is the view of the Income Tax Commissioner that it is difficult to estimate the amount to be allowed where married persons contribute to the support of relatives, but it should not be more difficult in their case than in the case of similar contributions by single persons. I hope that the Acting Treasurer, in any review of the machinery measure for the imposition of income tax, will make provision for some deduction in respect of these contributions by married persons.

I have said that the honorable member for Maranoa (Mr. Page) intends to propose an increased deduction in respect of children under sixteen years of age where there are more than three in a family. I undertake to say that no one will contend that it is possible to keep a child in these times for 10s. per week.

Dr. MALONEY.—The Defence Department considers that the children of soldiers can live on 2s. 6d. per week.

Mr. TUDOR.—The honorable member overlooks the fact that the 2s. 6d. per week is an allowance in addition to the pay which the soldier receives.

Mr. POYNTON.—A soldier with a wife and four children receives £3 6s. per week.

Mr. HECTOR LAMOND.—Why should the deduction be greater in the case of a fourth child of a family than in the case of the third?

Mr. TUDOR.—Mr. Justice Powers recently, in the Arbitration Court, when a witness who had five children, who was giving evidence before him, pointed out that the Court, in fixing a standard wage, had based it upon a family of five—a man, his wife, and three children, and said it was difficult for him, in the circumstances, to make an allowance for extra children. Where a man has more than three children he is practically penalized at the present time. I do not say that it costs any more to keep the fourth child than to keep the third child of a family, but where there are four or five children there is no extra money coming in to support the increased family.

*Sitting suspended from 6.30 to 7.45 p.m.*

Clause agreed to.

Clauses 4 to 6 agreed to.

Clause 7—

There shall be payable in respect of a cash prize in a lottery won after the 30th day of June, 1919, income tax to the amount of thirteen per centum of the gross prize money.

Mr. HIGGS (Capricornia) [7.47].—The Postal Act prohibits newspapers containing advertisements of lotteries from passing through the post, yet the Government are quite willing to take a share of the ill-gotten gains, if we may so call them, of those persons who win prizes in Tattersall's consultations. Very frequently persons employed in workshops, offices, banks, and other places

form syndicates, and contribute half-a-crown a week, or some such sum, for the purpose of buying tickets in Tattersall's consultations, one member of the syndicate sending the money down to "my brother George in Hobart." If the syndicate happens to win a £10 prize, the chief sinner, that is to say, the man who sends the application for the ticket, is pursued by the Commissioner of Taxation for the payment of 13 per cent. of the gross prize money, and is threatened with a fine if he does not meet the demand.

Mr. PAGE.—Sometimes the Commissioner cannot find him to fine him.

Mr. HIGGS.—As a rule, he is easily discoverable, but very often the other members of the syndicate are not. It would save the Commissioner a great deal of clerical labour if prizes up to £10 were exempt from the payment of the tax. I have received several letters from constituents—and to them is to be added the great number of people who would not bother to write about the matter—pointing out the irritation caused to them through being called upon to pay the tax when the other members of the syndicate, for which they were acting, have departed possibly to other portions of the Commonwealth, and cannot be called upon to pay their share of the tax. I move—

That the following words be added to the clause:—"Provided that cash prizes amounting to £10 and under shall not be subject to the tax."

Mr. PAGE (Maranoa) [7.53].—I have received communications from constituents who have invested a few "bob" in this gamble. In one instance a syndicate won a prize of £100, and about nine months afterwards police were at every shearing shed asking if the member of the syndicate who had sent for the ticket was working at that particular shed. This man had paid the other members of the syndicate their dividends, and, finally, when he had to meet the demand of the Commissioner of Taxation, instead of getting a "cut" out of the prize, he found himself in debt.

Mr. FENTON.—Where were his mates?

Mr. PAGE.—He had mates when he had a "cut" to give, but he had none when he had no "cut" to give. The exemption of £10 cash prizes would save the Department a lot of worry. I do not blame the Commissioner in this matter.

He is merely carrying out the law as passed by Parliament, and I know that he has reviewed many cases of hardship that have come under his notice with a great deal of sympathy. I hope that the Minister will accept the amendment.

**Mr. POYNTON** (Grey—Acting Treasurer) [7.55].—At the first, such cases as those referred to by the honorable member for Maranoa may have occurred, and caused inconvenience and a considerable amount of unpleasantness; but the Taxation Department has improved its methods very much since then, and instead of collecting the tax from the individual, it now collects at the source. Under these circumstances I ask the honorable member not to press his amendment, because, after all, these prizes are income which should be taxed.

**Dr. MALONEY** (Melbourne) [7.56].—I am astonished that the Government should include such a provision in the Bill. It is illegal to obtain lottery tickets through the Postal Department, yet every honorable member knows that the Government receive a fairly substantial revenue from this tax, and it would be manly, straightforward, and honest if the Government recognised that fact instead of trying to fool the people as they are doing. We require our Postal Department, with one eye closed, to prohibit the purchase of tickets, and we have the hypocrisy to obtain revenue from those who receive prizes. I do not know any country in the world that would descend to the disgrace of placing a law such as this on its statute-book. Let us be honest and above-board. Will any honorable member say that the institution known as "Tattersalls" is not carrying on business? Is there one who will dare to say that the Postal Department is not being used every day in the week as a means of securing lottery tickets? If this Government did what the Tasmanian Government did, they would receive a big revenue from this source.

Question—That the words proposed to be added be so added—put. The Committee divided.

Ayes	..	..	..	10
Noes	..	..	..	32

Majority	..	..	..	22
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## AYES.

Anstey, F.	Watkins, D.
Higgs, W. G.	Yates, G. E.
Maloney, Dr.	
Mathews, J.	
Riley, E.	Tellers:
Tudor, F. G.	Page, J.
	West, J. E.

## NOES.

Abbott, Lt.-Col.	Jowett, E.
Archibald, W. O.	Livingston, J.
Best, Sir Robert	Lynch, J.
Burchell, R. J.	Mackay, G. H.
Chanter, J. M.	Maxwell, G. A.
Charlton, M.	McWilliams, W. J.
Cook, Sir Joseph	Pigott, H. R. M.
Corser, E. B. C.	Poynton, A.
Fenton, J. E.	Sinclair, H.
Finlayson, W. F.	Smith, Laird
Foster, Richard	Spence, W. G.
Gibson, W. G.	Webster, W.
Glynn, P. McM.	Wise, G. H.
Greene, W. M.	
Gregory, H.	Tellers:
Groom, L. E.	Story, W. H.
Hughes, W. M.	Thomson, John.

Question so resolved in the negative.

Amendment negatived.

Clause agreed to.

**Mr. JOWETT** (Grampians) [8.3].—I move—

That the following new clause be inserted:—  
7A. Notwithstanding anything contained in any other Act, a taxpayer shall be entitled to a deduction from his income of the sum of Fifty pounds in respect of each child under the age of eighteen years wholly maintained by him.

I regret very much indeed the necessity for occupying the time of the Committee on this subject, seeing that a little more than twelve months ago—

**Mr. PAGE**.—On a point of order, Mr. Bamford, I desire to state that earlier in the debate I gave notice of my intention to move a similar amendment.

**Mr. JOWETT**.—I shall have much pleasure in withdrawing in favour of the honorable member for Maranoa if his amendment is in terms similar to mine; but I gave due notice of the amendment I have moved.

**The TEMPORARY CHAIRMAN (Mr. Bamford)**.—The honorable member for Maranoa, having given prior notice of his amendment takes precedence. I understand that the honorable member for Grampians has given way to the honorable member for Maranoa.

**Mr. PAGE**.—In order to get over the difficulty, Mr. Bamford, I shall not move my amendment, and will content myself by supporting that of the honorable member for Grampians.

Mr. JOWETT.—I remind the Committee that the honorable member for Calare (Mr. Pigott) moved a similar amendment when the Income Tax Bill was under consideration in May of last year, and I gave it my cordial support. I regret that it is necessary to again move in this direction, but last year the amendment was supported by several honorable members, and I think they should have an opportunity of approaching this issue again on the measure now before the Committee. During the time that has elapsed since then the Government, I think, might have given this matter careful consideration, and been prepared to make some concession to those taxpayers who are carrying the burden of raising families as compared with those who are not so fortunate as to have children to rear. One of the most serious problems confronting this country is the disadvantage we are suffering from on account of our exceedingly small population and the low rate of increase. Menaced, as the Commonwealth is, by dangers which I need not particularize, it is evident that our safety necessarily depends upon the satisfactory settlement and growth of a large white population. Unfortunately, the natural rate of increase in Australia is so low that unless every encouragement is given there is very little prospect of there being anything like a sufficient population to withstand the onslaught of any enemy during the next twenty years. It may be that, by the creation of the League of Nations, the safety of Australia will be assured for the next decade or two; but the history of the world teaches us that the time may come when Australia will be put to the test by being called upon to resist invasion, and in that hour of danger she must depend upon her manhood for safety. It is, I think, advisable to investigate more closely the forces that are operating to diminish the rate of natural increase, and it is incontestable that one cause is the excessively heavy cost of rearing families at the present time. The people on whom the increased cost of living has been chiefly thrust are those who are endeavouring to rear families. My proposal suggests merely one method of lightening their burden. I do not believe in the limitation of sixteen years. There are few children between the ages

of sixteen and eighteen who are capable of fully earning their own living.

Mr. CHARLTON.—If children are earning anything at all their parents cannot claim exemption in respect of them.

Mr. JOWETT.—I am glad to have had the point brought under my notice. With the permission of the Committee, I shall eliminate the words, "wholly maintained by him."

Proposed new clause amended accordingly.

Mr. JOWETT.—The clause, if adopted, would not involve a serious loss of revenue. If there were any fear that it would do so, I take it that the Government would be prepared to furnish an estimate of the probable loss.

Mr. GROOM (Darling Downs—Minister for Works and Railways) [8.19].—I desire to raise a point of order. The honorable member is seeking, by way of a Bill which purports only to fix the rates of taxation, to amend the Income Tax Assessment Act. Section 55 of the Constitution reads—

Laws imposing taxation shall deal only with the imposition of taxation, and any provision therein dealing with any other matter shall be of no effect.

In the Income Tax Assessment Act 1915, a deduction of £13 was allowed in respect of each child under the age of sixteen who, at the beginning of the financial year in which the income was received, was wholly maintained by any taxpayer who was not an absentee. Parliament desired to liberalize that provision, and the exemption was raised to £26. Endeavours are now being made to harmonize Federal and State taxation. I am informed that only last night the Victorian Legislature passed a Bill providing for the same amount of exemption as is conceded under the Commonwealth Statute. We are all anxious to be generous. It is easy to propose to give away revenue, but we should not overlook the necessity for providing taxation to meet the country's purposes. In the annual report of the Commissioner for Taxation for the year 1915-16, it is shown that the deductions from taxable income by reason of the existing provision making a concession as to children amounted to £5,756,584. That is the amount of taxable income deducted in respect of the allowance of £26

for every child under sixteen years of age wholly maintained by the taxpayer. It is now proposed by this amendment to increase the deduction in respect of each child from £26 to £50, and to raise the age from sixteen years to eighteen years. I am informed that the result of the amendment would be to increase these deductions from taxable income to the extent of about £12,000,000, and, taking the average rate of taxation at 1s. 6d., this would mean a loss of revenue amounting to £500,000. But there is also the proposal to eliminate the words "wholly maintained by him," so that the deduction would apply to all children of eighteen instead of to those "wholly maintained" by the taxpayer. That would mean a still further loss of revenue. The Committee is asked to agree to remit taxation to the extent of £500,000.

Sir ROBERT BEST.—In addition to the amount now remitted in respect of the allowance of £26 per child?

Mr. GROOM.—I am so informed by the Treasury officials. I would remind honorable members that the deduction is not limited to any one section of the community. It applies to the rich as well as to the poor.

Mr. RICHARD FOSTER.—And the loss of revenue would have to be made good by an increased land tax. That is what the supporters of this amendment want.

Mr. GROOM.—Yes. This loss of revenue would have to be made good by other forms of taxation, since the Treasurer must make ends meet. Honorable members are asking for an increase of the old-age pension, increased grants for repatriation, and additional assistance to soldiers, and the money for all these purposes must be found. The Acting Treasurer (Mr. Poynton) in his Budget statement this afternoon showed how lightly our taxation is falling relatively upon the industrial classes of Australia.

Mr. JOWETT.—Except in the case of those with families.

Mr. GROOM.—Liberal deductions are allowed in respect of such taxpayers. The honorable member is asking for this concession for the rich as well as the poor.

Mr. JOWETT.—For all who have children.

Mr. GROOM.—Quite so. In the circumstances the Acting Treasurer cannot see his way to accept this amendment.

We are all anxious that our taxation should be as light as possible, but money must be found for the various purposes set forth in the Budget statement. I therefore ask the honorable member not to press his amendment. Finally, on the point of order, I submit that this is really an attempt to amend a section in the Income Tax Assessment Act, and that the amendment is not relevant to the Bill.

The TEMPORARY CHAIRMAN (Mr. Bamford).—Having examined the Bill I have come to the conclusion that the amendment is quite in order. The Bill seeks to impose taxation upon incomes, and it necessarily follows that exemptions may be moved in it. The honorable member for Grampians (Mr. Jowett) has moved the insertion of an exemption, and I think that his amendment is quite in order.

Mr. PAGE (Maranoa) [8.36].—I have no desire to steal the thunder of the honorable member for Grampians, but I had intimated my intention to move an amendment upon somewhat similar lines to those on which he has moved. My proposal, however, was not as liberal as is his, and that is one reason why I gave way to him. Another reason was that I desired, if possible, to get another vote from the other side of the chamber to assist in securing a larger exemption in the case of fathers with big families. The Minister for Works and Railways (Mr. Groom) has pointed out that, if the amendment be carried, the loss of revenue that will be involved will have to be made up in some other way. The present Government, I would remind him, are noted for raising revenue from children. Only last year they imposed a tax of 33½ per cent. upon children's tickets for entertainments throughout the Commonwealth.

Mr. LAIRD SMITH.—A land tax would be much higher.

Mr. PAGE.—I do not mind. Put the extra taxation on the land. In his closing remarks this afternoon, the Treasurer stated—

We faced four years of terrible war with courage, and the virility of our population was made perfectly clear by hundreds of thousands of Australians upon the battle fronts.

The truth expressed in that sentence was also a factor in inducing me to bring this

matter forward. What better asset could we have than 200,000 young Australians? Would it not be better to have an additional 200,000 young Australians than 200,000 imported men in this country? We cannot do enough for the men and women in our midst who are rearing large families. The tendency to-day is for people to have small families, and very small ones at that. But nobody can accuse you, sir, of practising that doctrine. Every working man and woman in Australia to-day knows the trouble which is involved, not merely in feeding and clothing, but also in maintaining and educating a large family. There are many persons in my constituency with families of thirteen, fourteen, and even fifteen children. When one has to buy only two pairs of boots, he knows what the expense means, but when one has to buy fifteen pairs he cannot fail to recognise that some exemption from taxation should be granted, and that something should be done to relieve the pains and penalties to which parents with families numbering more than three are subjected. In the Arbitration Court only the other day, Mr. Justice Powers laid it down that there should be a living wage of over £3 per week in the case of a family of three. Fancy having thirteen mouths to feed with oatmeal at 11d. per lb.! I appeal to honorable members opposite, who are flag-waggers and professed patriots, to show their patriotism by lightening the load upon these men and women, who are bearing the heat and burden of the day. It is a most peculiar thing, but it is an economic fact, that the poorer the people the larger are the families that they have.

Mr. FALKINER.—That used to be the case.

Mr. PAGE.—Thank God, it is so still in Western Queensland. There they have not learned the tricks of Melbourne and Sydney, though perhaps in time, if something be not done to help them, they may emulate the example of the inhabitants of our cities, and say, "Let the boss beget his own wage-earners. We are not going to beget them for him." The Government should do everything possible to encourage the birth rate. It is no use beating about the bush. We must call a spade a spade, not a scientific implement for moving the soil. These are

the facts that we are up against. Even if the amendment would involve taxation in another direction, it behoves every one to assist the men and women of this country who are rearing large families. It is idle for the Minister for Works and Railways to say that, if we adopt the proposal of the honorable member for Grampians, we shall have to make up the revenue which we shall lose by some other means. According to the Budget presented by the Acting Treasurer this afternoon, the Government propose to remit the entertainments tax in the case of children, although we were told last year that any such action would mean a loss of revenue amounting to £200,000 or £300,000. Notwithstanding this dismal prophecy, however, the revenue during the past twelve months has been most buoyant. A general election is looming in the near future and the Government are consequently about to introduce a Bill to modify the entertainments tax and to increase the old-age pension.

Mr. WEBSTER.—Does the honorable member oppose that increase?

Mr. PAGE.—If the Postmaster-General will put that question upon the notice-paper, I will answer him as he answers me. He must think that I am a young bird to be caught with chaff. I will tell him all about it when I go into his electorate. Very nearly every honorable member opposite is a family man, and knows what it is to maintain a family. I am not in a similar position, because I have reared my family, and there is no possible hope of me starting again. I am too old. I am like the Chairman—I am not looking for marriage now, but for a comfortable place in which to sit. But, if honorable members opposite believe what the Treasurer has said about the virility of the Australian nation, they will most certainly vote for the amendment. I do not believe there is a nobler race on the face of God's earth than are the Australians. If honorable members opposite think with me, they have the numbers, and I can promise them that every honorable member on this side of the chamber will vote with them.

Mr. WEBSTER.—Of course. Because there is an election coming.

Mr. PAGE.—I am glad of that interjection from the poet Postmaster-General. Does he think that this proposal

has been brought forward because of the imminence of an election?

Mr. RICHARD FOSTER.—I do.

Mr. PAGE.—Then I will read what took place twelve months ago.

Mr. GREGORY.—Why did not the honorable member alter the law when he had the power?

Mr. PAGE.—Never mind what I did. The question is what the honorable member did. He did nothing, and he is not going to do anything now.

Mr. GREGORY.—No.

Mr. PAGE.—Last year the following amendment was moved by the honorable member for Calare (Mr. Pigott)—

The TEMPORARY CHAIRMAN (Mr. Bamford).—The honorable member will not be in order in quoting from the debates of the current session.

Mr. PAGE.—The amendment moved by the honorable member for Calare on that occasion received the support of only three members on the Government side, namely, the mover, the honorable member for Henty (Mr. Boyd), and the honorable member for Grampians (Mr. Jowett). Every man and woman in Australia to-day knows that we are practically living on the edge of a volcano. This amendment should be carried, even if it involved a loss of £400,000 per annum.

Mr. GROOM.—I said the estimated loss was £500,000.

Mr. PAGE.—Even if we lose half-a-million pounds, if we gain 500,000 young Australians, will not the monetary loss be worth while?

Lt.-Colonel ABBOTT.—That is only £1 per head.

Mr. PAGE.—I can get that for cull sheep now. Is £1 per head too much to offer for young Australians? The carrying of the amendment will be a credit to this Parliament, and of lasting advantage to Australia. This is not a monetary proposal; it has to do with the life and soul of this young nation. I conclude by quoting the peroration of the Acting Treasurer (Mr. Poynton) in his Budget speech to-day—

Australian character is such that our people can be depended upon to overcome the difficulties of reconstruction, and to face the problems of peace with stout hearts, and determinations to build a proud and prosperous nation in these southern seas.

If honorable members desire that that peroration shall be realized, they will vote

for the amendment moved by the honorable member for Grampians (Mr. Jowett).

Mr. POYNTON (Grey—Acting Treasurer) [8.52].—I hope honorable members will realize what they are about to do. Under the existing law a married man with two children, and having a taxable income of £208 per annum, pays no tax. If he has four children, he must earn £260 before he comes within the taxable area, and if he has six children, £312.

Sir ROBERT BEST.—He would need it all.

Mr. FALKINER.—That amount would not keep a woman in town in clothes, let alone children.

Mr. POYNTON.—The Minister for Works and Railways (Mr. Groom) told the Committee that the increase of the deductions from £26 to £50 for each child would represent a loss of £500,000 per annum in revenue. A further addition must be made to that amount on account of increasing the age limit from sixteen to eighteen years. Therefore I estimate that the amendment involves a revenue loss of £750,000 per annum, which is equivalent to a 30 per cent. increase in the land tax. The revenue thus lost would require to be made up from some source. I ask honorable members to compare the income taxation in Australia with that in Great Britain. In the Commonwealth a man in receipt of a taxable income of £100 pays 5.5d. in the £1; the rate for £200 per annum being 6.1d., and for £300 per annum, 6.7d. In Great Britain, the rate is 2s. 3d. in the £1 in each case. There is no country that I know of in the world to-day where taxation is easier than in the Commonwealth. If the suggested alteration were made it ought to be in another Bill, and, in any case, it means a loss of £750,000 in revenue. Of this fact I am assured by the departmental officers, who have gone into the matter. Moreover, the exemption applies now only to children to the age of sixteen years, and it is proposed to extend it to those of eighteen. This means practically doubling the exemption from £26 to £50, and on that the estimated loss is what I have said.

Sir ROBERT BEST.—That estimate is based on every child in the country, but this exemption applies only to the children of taxpayers.

Mr. GROOM.—It is worked out on the taxable basis.

Mr. POYNTON.—That is so. The estimated loss was given to me with the greatest assurance by the officers of the Department.

Mr. CHARLTON (Hunter) [8.58].—I am pleased that this amendment has been submitted, for we ought to do something to meet the position of parents who have more than two children. I think that the figures given by the Attorney-General are wrong and misleading. The honorable gentleman was very emphatic in saying that the loss in revenue would be £5,000,000.

Mr. GROOM.—What I said was that, on the 1916-17 assessment, the reduction of taxable income is £5,756,000, and that if the amendment were carried that would be increased to something like £12,000,000.

Mr. CHARLTON.—But the honorable gentleman went further, and said it would mean a loss of revenue of £5,000,000.

Mr. GROOM.—No, I said it would mean a loss of £500,000; but the Acting Treasurer now tells us that it will mean a loss of £750,000.

Mr. CHARLTON.—I thought that the Attorney-General insisted that the amendment would mean a loss of £5,000,000 in revenue. However, my figures agree with those which have just been given by the Acting Treasurer (Mr. Poynton). I worked the figures out, and made the difference £750,000; but, even if that be so, it is revenue that we should be prepared to give up without hesitation, because it is derived from people who, generally speaking, are unable to pay it. Those who have large families in this country are, on the whole, working people.

Mr. GREGORY.—How would you make the revenue up?

Mr. CHARLTON.—By imposing a higher tax on those who are possessed of wealth over a certain sum; I would increase the incidence of taxation on them. The amendment, if adopted, would encourage people to have families; and if Australia is to be the country that it should be, we must have population. It is undoubted that we cannot have population if the people are on the brink of starvation all the time; and that is what we are finding to-day. The Acting Treasurer said that it was on the average rate of 1s. 6d. in the £1 that he arrived at £750,000; but

that, to my mind, is a wrong conclusion. The working people, who have the large families, have incomes of less than £500, and the rate on such incomes is 4*1/4*d., and not 1s. 6d. To arrive at a proper conclusion we must know what percentage of the people who will gain by the exemption earn less than £500 per annum, and then a higher rate could be charged on higher incomes. If that were done the loss would be not £750,000, but, I venture to say, not half that amount, and this could be made up by increasing the incidence of taxation on salaries over £500. Just contrast what this Bill seeks to do with what is being attempted in New South Wales. There an inquiry into the cost of living was held, and it was found that a man and wife with two children, in order to live in decent comfort, must spend £3 17s. 6d. per week. The Acting Treasurer said just now that under the Act as it is to-day, with an exemption of £26, a man and wife and two children are exempted up to £208; but on the New South Wales figures we see that it requires £201 10s. to keep a family of that size. The New South Wales Government have already announced their intention to pay the mother of every child over the number of two so much per week; but here we are proposing to tax such parents. The policy of New South Wales has been adopted after full inquiry into the cost of living—indeed, the State Government allows £50 for each child to-day, and there is a £250 exemption.

Mr. GREGORY.—What about the single man? Would you increase his taxation?

Mr. CHARLTON.—I would not. A working man should not be taxed unless he makes over £250 per annum. With an exemption of that kind people are encouraged to marry, because they feel that the wolf will not be continually at the door. We ought not to extort the last farthing, as it were, from the workers in this country, but should realize the necessity of placing the load on the shoulders best able to bear it. If people can add to their banking accounts in spite of the cost of living, they can bear more taxation; and the amendment is one which should commend itself to honorable members and to the Government. It is a paltry view that, because there may be a loss of £200,000 or £300,000, parents with large families should be taxed. That, I am sure, was never contemplated

when this special taxation was imposed for war purposes. We intended that the people who were making the wealth should pay the taxation, but now it appears that it is to come from the poorer people, who have to toil week in and week out in order to keep the wolf from the door, thus making their case much harder.

Mr. WEST.—The returned soldier and his family will have to pay it.

Mr. CHARLTON.—I shall move an amendment later to deal with the returned soldiers, who will not be compelled to pay if my voice and vote can stop it. The honorable member for Grampians is doing good service in moving this amendment, and I hope the Committee will see the wisdom of accepting it, in justice to all those people who have families in this country.

Mr. PIGOTT (Calare) [9.6].—I have always held that some consideration should be given, so far as taxation is concerned, to married people and their families. On 15th May, 1918, I moved a similar amendment, and pointed out that, owing to the great increase in the cost of living, something should be done to relieve parents of families from the heavy burden of income tax. I have much greater reason now to support this amendment, seeing that since then the cost of living has increased by at least another 10 per cent. We are not asking, as some honorable members seem to imagine, that parents of families shall be exempted from income tax to the extent of £50. We are dealing only with the taxable amount of income. At present, an exemption of £26 is allowed for each child, and we ask merely that that exemption shall be increased to £50, or an increase of £24. Assuming for a moment that the average tax is as the Minister stated it to be, that is, 1s. 6d. in the £1, we are simply asking for a decrease in taxation of 36s. per year. It is not much to ask the Government to give a man with a family of seven or eight children that small concession. I have gone into the Minister's figures. He was perfectly right in giving the total exemption of income as about £5,500,000. Assuming an average tax of 1s. 6d. in the £1, this means a total remission of taxation of about £412,500. The exemption we are asking for will not amount to so much.

Mr. GROOM.—You are basing your figures on the age of sixteen years. The Acting Treasurer based his estimate on the increase of the age to eighteen years, and the striking out of the words "wholly maintained."

Mr. PIGOTT.—The Acting Treasurer (Mr. Poynton) made out that the loss of revenue by this amendment would be £750,000. In May, 1918, I gave notice of my amendment, and the Treasurer (Mr. Watt) knew of it for fully two days before it was moved. He had all the facts and figures before him, and they were not "hurriedly brought up," as the Acting Treasurer says they have been on this occasion. The Treasurer said then that he had worked the figures out carefully, and that my amendment meant a loss of revenue to the extent of £400,000.

Mr. GROOM.—On what age was that based?

Mr. PIGOTT.—On the age of eighteen, and an increase of £24 in the exemption, just as is now proposed. The honorable member for Balaclava was then Treasurer. The honorable member for Grey is now Acting Treasurer. The Treasurer then said, after working the figures out carefully, that the amendment would make a difference of £400,000 to the revenue, while the Acting Treasurer now says it will make a difference of £750,000, but that he has had to get his figures together hurriedly. I would rather accept the Treasurer's figures as correct.

Mr. CHARLTON.—The estimate is based on an average of 1s. 6d. in the £1, which does not obtain at all.

Mr. PIGOTT.—The Treasurer's words on that occasion were—

If that allowance be increased by 100 per cent., as is proposed by this amendment, I am assured by the Commissioner for Taxation that it will probably mean a minimum loss of £400,000.

The Treasurer, therefore, had consulted the Commissioner for Taxation, and his estimate is more likely to be correct than the one now before us.

Mr. GROOM.—The Acting Treasurer has worked the figures out carefully, and his advisers are satisfied that the amendment will make a difference of £750,000 to the revenue if the allowance is increased to £50, the age raised from sixteen to eighteen, and the words "wholly maintained" left out.

**Mr. PIGOTT.**—My amendment was practically the same last year, because I proposed that the age should be increased to eighteen. We have all the more reason to ask the Government to agree to increase this exemption, because, when my proposal was before the House, the Customs duties returned about £12,000,000. To-day they are returning £17,500,000. The Government have there an increased revenue of £5,500,000.

**Mr. FALKNER.**—Does your exemption apply to everybody, or only to people with incomes of under £500 a year?

**Mr. PIGOTT.**—I consider it is the sacred duty of the Government to look after all the children, and encourage them in every way they can. The married people of this country are those we have to consider. They are doing good work. We have paid hundreds of thousands of pounds in the past to bring immigrants here, but what better immigrant could we wish for than the little Australian child in the Australian cradle? Those are the immigrants we want, and it is the people with children that I desire to assist. Many people with incomes of £400 or £500 have the very laudable desire to put their children through the secondary schools and the university. As those young people grow up, they cost as much to clothe and feed as an adult, and, perhaps, a little more. All the time they are at their studies, their parents have to maintain them, because they are earning nothing. Every consideration, therefore, should be given to parents in those circumstances. The Acting Treasurer has quoted the case of Great Britain. The cost of living there has gone up by 110 per cent., according to cables which I read in the Sydney press the other day relating to the recent railway strike.

**Sir ROBERT BEST.**—The increase is much more than that. There is a provision in the settlement that certain things are to be done when the increase in the cost of living comes down to 110 per cent.

**Mr. PIGOTT.**—At any rate, the Chancellor of the Exchequer has given married people in the United Kingdom an increase in the exemption from taxation to the extent of 150 per cent. The cost of living in Australia has gone up by about 50 per cent., and we ought to increase the allowance for children, at least, to cover that

rise, so that parents of families may not be in a worse position than they were before the war. New South Wales allows an exemption of £50 per child under the age of eighteen years, and grants also to married people an exemption of £250 before they are taxed at all. We have an exemption of £156, and an allowance of only £26 per child under the age of sixteen years. Our Government should, at all events, come into line with that of New South Wales.

**Mr. GREGORY.**—How are you going to make the £400,000 or £500,000 good?

**Mr. PIGOTT.**—The Customs receipts have increased since I first moved this amendment by £5,500,000. That is solid cash.

**Mr. POYNTON.**—It is all taken into my income in my Estimates.

**Mr. PIGOTT.**—The Acting Treasurer will receive that increased amount, and, judging by the returns that are coming to hand, for the next quarter the receipts are likely to be even greater. A large proportion of the Customs revenue is paid by people with families. It averages £3 10s. per head for the population of the Commonwealth. Therefore, a man with a wife and family of six children, or eight in all, has to contribute £28 per year through the Customs, whereas a single man has to pay only £3 10s. The difference in his favour as against the married man is £24 10s. I think that, in all the circumstances, more consideration should be given to married people under this form of taxation, and every encouragement afforded those who are willing to rear large families.

**Mr. CORBOY (Swan) [9.16].**—I welcome this opportunity to support the honorable member for Grampians (Mr. Jowett) by voting for the amendment he has moved. By proposing to increase the rate of the old-age pension by 20 per cent. the Government have themselves recognised that there has been an increase in the cost of living, which should be taken into consideration. I claim, therefore, that we are justified in asking for an increase in the exemption from income tax in respect of children.

**Mr. GROOM.**—Does the honorable member not realize that the increase in the cost of living means increased expenditure also?

**Mr. POYNTON.**—Does the honorable member not realize that he is comparing

a pension of 12s. 6d. per week with an income averaging between £3 and £4 per week?

Mr. CORBOY.—I quite realize that; but, despite the arguments of Ministers, I consider it necessary to increase the exemption in respect of children. We have been told by the Minister for Works and Railways (Mr. Groom) that it is necessary to secure money from some source for the payment of old-age pensions, and to meet the requirements of the repatriation of our soldiers. The honorable gentleman practically says that the Government intend to get this money at the expense of the people in Australia who are trying to rear large families. I am satisfied that our soldiers would be the last to desire to receive money at the expense of such people. The present exemption of £26 for each child under the age of sixteen years is an exemption of 10s. per week, but honorable members will agree that that amount is not nearly sufficient to cover the cost of the maintenance of a child to-day.

Dr. MALONEY.—The authorities of the Repatriation Department appear to think that where there are more than five children in a family, the extra children can live upon nothing.

Mr. CORBOY.—That is only another indication of the fact that the Government are unwilling to recognise large families, as I think they should. The Minister has pointed out that to carry the amendment would involve the exemption of £6,000,000 of taxable income. I put the reverse of that statement, and it clearly is that the parents of large families in Australia are at the present time being taxed upon £6,000,000, which properly should carry no taxation at all. It is unjust to impose taxation upon that money, which should be left free of taxation to be expended for the benefit of the children. We are assured that money required by the Government will have to be raised, but honorable members will agree that there should be some better way of raising it than at the expense of the coming manhood and womanhood of Australia.

Mr. MATHEWS.—This is not one of the "has beens." This is a chap with hopes.

Mr. CORBOY.—I should like to remind my honorable friend, who is one of the "has beens," that I am trying to do what, perhaps, with the same opportunity, he would have done in his youth,

and that is to pave the way before I start, and have good prospects. We heard a good deal recently, and during the period of the war, of the wonderful physical vigour, the bravery, and astonishing strength in battle of the Australians, the glorious Anzacs. We were told what a fine race physically the Australians proved themselves to be on the field of battle. I say that we should do everything possible to maintain the splendid physical standard which our soldiers have set the world, and one of the best ways in which to do that is to leave people rearing large families as much money as possible to properly clothe and feed them.

Mr. GREGORY (Dampier) [9.22].—I have been somewhat surprised at this debate, because it discloses an apparent irresponsibility on the part of honorable members in dealing with the finances of the country. I was surprised that such an amendment was received. Had I thought it was permissible to amend this Bill in such a manner, I should have asked for some review of the anomalies which are possible under the present Income Tax Assessment Act. I know of cases of persons who have been compelled by heavy taxation on book profits to borrow money to pay that taxation. It would be wise if the Government, when dealing with the Income Tax Assessment Act, introduced some provision permitting people to pay income tax on their average income. It is monstrous to think that men may be compelled to go heavily into debt to enable them to pay income tax or war-time profits tax when probably in the next year they may lose, through drought, fire, or flood, every bit of the assets on which their taxation was based. As the amendment has been accepted by the Chair, we must discuss it. In the last three or four years there has been a demand made by members of this House to discuss the financial position of Australia. We cannot do that in dealing with a Bill of this kind, but honorable members cannot help realizing the enormous financial obligations which are imposed upon this country, and the demand made upon the public purse. Undoubtedly, there has been a good deal of extravagance, but I am satisfied that many honorable members will do their best to prevent such extravagance in the future. At the present time, we are making special demands on the Treasury in connexion with our

returned soldiers, and even in the Budget statement, we find that the Government have contracted for nearly £500,000 extra for old-age pensions. In connexion with housing returned soldiers and repatriation work generally, nothing less than £100,000,000 will be required. It will be a very heavy impost upon the people. Again, there are incessant demands for more consideration for the requirements of people in country districts. Day after day we are told by the Postmaster-General that the Government call upon him to economize, and, although a letter can be sent to any person in the city for 1½d., it cannot be sent to many people in the outlying parts of Australia unless they specially contribute to the cost of getting their mails. We know that the Treasurer cannot afford to lose a revenue of £500,000, let alone the £750,000 which it is estimated will be lost if the amendment be agreed to. The proposition is not a fair one. Every person who is entitled to vote for a member of this House should be compelled to pay income tax in some proportion. It would make him exercise more care in the election of his parliamentary representatives, and pay more regard to the manner in which public funds are expended. The honorable member for Maranoa (Mr. Page) has had a good deal to say about this amendment; but when his party were in power they did not bring forward a proposal of this description. Evidently there was in those days more responsibility on their part in regard to public expenditure. We cannot evade the distinct promises we have made in connexion with the repatriation of our soldiers and the housing scheme propounded by Senator Millen. No such scheme has been put forward in any other part of the world. It is a magnificent project, but we must pay for it; and surely those who stayed behind should be called upon to pay a small contribution towards the cost. A man with two children and an income of £208 is not called upon to pay income tax; a man with four children and an income of £260 is likewise exempt; and a man with six children and an income of £312 is exempt.

Mr. FINLAYSON.—That is an income of less than £1 per week per head.

Mr. Gregory.

Mr. GREGORY.—But surely the man who is earning £312 per annum should pay something?

Mr. PAGE.—Does not the honorable member think that he is paying more than his proportion in feeding and clothing his children?

Mr. GREGORY.—But he is only doing so because of the stupidity of this Parliament in continually increasing Customs duties.

Mr. FENTON.—Get Free Trade, and out go the people of this country for want of employment.

Mr. GREGORY.—The honorable member will admit that the system which concentrates 48 per cent. of the population of Victoria in and around Melbourne cannot be too satisfactory.

Mr. PAGE.—We need the people in the country districts to help the primary producers.

Mr. GREGORY.—That is true. There is too much pandering to the cities. At any rate, we are pledged to this big expenditure, and all persons in the community should contribute to it. This amendment is to be followed by another to exempt those who fought at the Front. I have a great deal of sympathy with those who fought at the Front, but I have no sympathy for the men who stayed behind. Although I know I am doing an unpopular thing, I must oppose the amendment of the honorable member for Grampians (Mr. Jowett), and express the hope that the Committee will not agree to it. I am always making demands on the Treasury to improve the conditions of people who settle in the bush, to enable them to get their produce to market, and to provide them with mail services and telephones, so that they may have some of the advantages of civilization; but I have not been able to get my requests acceded to. The Government say that they have not the necessary funds. This being the case, and in view of the fact that enormous demands must be made on the Treasury to keep the promises to our returned soldiers, I hope honorable members will give the matter very serious consideration before agreeing to any proposal which has for its purpose the reduction of the funds which will be at the disposal of the Treasurer.

Dr. MALONEY (Melbourne) [9.33].—Whenever the question of children is

raised, there flashes across my mind the statement of the great Napoleon, when in his Code he prevented any child from being disinherited by its parents. Briefly it was this—"No child asks to come into the world. No child can come into the world unless the parents meet. Every child is a future unit of the State, with a right that neither parent nor State should deprive it of; and that is the primal right and chance of growing up to be a healthy adult." No one will gainsay the fact that the Australian babe is our best immigrant, or deny to it the right to grow up to be a healthy adult; but, under our unfortunate laws, when men and women follow the call of nature and obey their God-implanted passions, they find that the more children they have, the harder is their fight.

In the constituency of Melbourne Ports there was a woman who was the mother of thirty-three children. The father earned £2 15s. a week, and I endeavoured to get the Premier to give him employment at £3 10s. a week, but I was not successful. Is it any wonder that more than half of such children die from lack of proper food, shelter, and clothing? Out of those thirty-three children only thirteen survived. If we go through the annals of vital statistics, we find that wherever the people are living near to the poverty line the death rate proportionately increases. I value the figures given by the Acting Treasurer, especially when I realize that they have been prepared by expert officers; but I remind honorable members that no one can arrive at his income tax without the aid of a ready reckoner. My experience in connexion with the Department is that the officials are always ready to amend any wrong that may have been done. The first calculation of the loss of revenue that would be caused by the amendment was £500,000; that was altered to £750,000. I questioned the Acting Treasurer, and he courteously informed me that the calculation was based upon a rate of 1s. 6d. in the £1. I want honorable members to realize that 18.2d. is charged only on incomes of £899 10s. and £900 10s. The average income is far below that. Abraham Lincoln said, "God must love the common people because he made so many of them." How

many of them receive £900 a year? The rate of 1s. 6d. in the £1 does not apply to incomes of £5 or £6 a week; the calculations should have been made on a far lower average because our tax commences at three pence, and goes up to 60 pence in the £1. The Acting Treasurer (Mr. Poynton) courteously allowed me to peruse his figures. An income of £100 a year is taxed at 5.5 per cent in Australia, whereas in England the tax is 2s. 3d. in the £1. I would like the Minister to have continued quoting his figures. They are—

	Australia. d.	England. d.
£1,000	16 pence	36 pence
£5,000	35.3 "	85.8 "
£10,000	62.3 "	100.5 "
£20,000	79.9 "	113.3 "
£50,000	90.5 "	120.9 "
£100,000	94 "	123.5 "

The honorable member for Grampians (Mr. Jowett) is one of the wealthiest men in this House, and I take it he would not object to the increase of the tax in similar proportions to that imposed in England. Any one who goes into the matter must recognise that a taxpayer in England has a greater number of calls upon him than one in Australia.

Mr. POYNTON.—You have not added the particulars of State taxation in addition to that imposed by the Federal authorities.

Dr. MALONEY.—I know; but I may be excused in that regard because I did not have sufficient time to copy the figures. It was not through any desire to hide those details, and I hope the Minister will see his way clear to have the figures published in *Hansard*. The municipal taxation in England is 100 per cent. higher than in Australia. The municipal taxation in the City of Melbourne is 1s. 3d. in the £1. But in a house in which I lived in London, my landlady had to pay more in taxes than in rent. Her rent was £50 a year, but her taxes amounted to £52 a year. When acting as a *locum tenens* in Hertfordshire the rent of the property in which I lived was, approximately, £25 a year, while the municipal rates totalled £75 a year. Municipal taxation in London and its suburbs ranges from 7s. 6d. to 14s. or 15s. Compared with those rates, Melbourne is the lowest-taxed municipality in the world. Mr. Fisher promised, and repeated it after the

declaration of war, that there would be a child pension; we must be prepared to face that. The deluge of murder that men call war has changed the system of finance. Every man and woman in England now has a vote. When I was in England, and even up to the period of the war, men in England, Ireland, and Scotland had not the right to vote by reason of their manhood, but only if they rented or owned property. Nations have recognised that kings and rich people cannot win wars. Wars are won by human beings. Many of the rich people of England and of Australia are grateful to those who gave their lives in their country's cause. Sixty thousand Australians gave all they had to offer. Have 60,000 men of wealth in our community offered all their money, or even half of their wealth, to the Government, free of interest? I believe a present of £50,000 has been made to the Government, and I would like to see the donors honoured by having their names placed on an honour roll in this Parliament. If we go back to the Napoleonic wars and remember what Pitt took, in the way of taxation, from those who possessed wealth, we must realize that what is being taken now is a mere bagatelle. When the honorable member for Dampier (Mr. Gregory) was speaking I interjected that we had not yet touched, in the way of taxation, the first penny of the last shilling, and I do not think it likely that we shall. But one of the keenest intellects that England ever produced suggested a way. We have only to go back to the time of William the Conqueror and the *Domesday Book*, in which was shown the name of every owner of property, together with its valuation. The institution of this system would help to solve our problems, for if a property-owner felt that the valuation of his land for taxation purposes was unfair, he could have it re-valued, providing it could be purchased at such valuation by the State upon payment, of course, of a certain percentage for disturbance. The value of the property having been fixed in a *Domesday Book*, any further increase in value should accrue to the State. In this way we would be able to get rid of our terrible debt of £400,000,000. Before the war the wealth of Australia was estimated at £1,200,000,000, and during the war it increased by £400,000,000, making the total

Dr. Maloney.

£1,600,000,000. In view of this increase, is it a wild dream to imagine that, within the next ten years, having in mind the remarkable productive capacity of the Commonwealth, there will be a further increase of over £400,000,000, sufficient to cover every penny of our war debt, which has been forced upon us by German brutality? This debt will have to be paid. I shall never favour repudiation. But we must find a way to meet it. If the Government do not accept the amendment they must face the responsibility when they go before the electors. The Repatriation Department has also set a bad example in respect of its disregard of the claims of children. I honour Senator Guthrie for pointing out to Senator Millen that the Repatriation Department was not making any allowance for a soldier's fifth, sixth, or seventh, or eighth child. How often have I asked honorable members opposite how they would like to have any child of theirs brought up on 3s. 6d. a week, the amount allowed by the Repatriation Department in respect of soldiers' dependants. I honour the women of this country who are endeavouring to rear families, for every time a woman bears a child she risks her life. I am not questioning the figures quoted by the Acting Treasurer (Mr. Poynton), based upon 1s. 6d. in the £1, but honorable members must know that the majority of the people receive less than £500 a year, and it is for these people that I am pleading. Some of them are not getting even £2 a week. I know that as soon as the whip cracks, Government supporters will rally and vote for the Bill. In the same way they voted to increase the amusement tax, which was an infamy. The Government have a perfect right to tax the incomes of amusement companies, but have no right to call upon those who enter a place of amusement to pay what amounts to a fine.

Mr. LAIRD SMITH.—The honorable member supported the principle when the Labour party introduced it.

Dr. MALONEY.—The honorable member is in error. I was always against it. I could never vote to place a tax of  $33\frac{1}{3}$  per cent. upon lower-priced tickets as against  $8\frac{1}{2}$  per cent. on seats in the dress circle of a theatre. I suggest that the Treasurer might look for more

income tax from the wine producers of Australia, for although it cost the vigneron no more to produce their wine during the war they took full advantage of war conditions, and compelled the middlemen to charge more for their products. It was recognised that they could afford to pay close on half-a-million sterling without much trouble. I believe in wine-drinking rather than spirit-drinking; but vigneron have unjustifiably raised their prices. Let them pay increased Excise. I intend to vote for the new clause.

**Mr. LAIRD SMITH** (Denison) [9.56].—No honorable member is more desirous than I am of protecting the poor from taxation. But will this proposal for the increase of the exemption afford relief to the poor? Is it meant to do so? Let us take an example of a married man with five young children. His primary exemption is £156. Added to that, he may claim further exemption at the rate of £26 for each child. Thus, before being called upon to pay any amount of taxation at all, he must have an income of £286. How many working men are earning incomes of £286? I wish that very many more were doing so. What is the good of trying to fool the working man? The honorable member for Grampians (Mr. Jowett) now proposes that the exemption for each child shall be £50. A man having five children would be able to claim in respect of them, an exemption amounting to £250, and would enjoy, in addition, the original exemption of £156; so that he would require to earn an income of £406 per annum before being called upon to pay anything by way of taxation. What poor working man is earning £406 per annum? Who will say that a child of seventeen years is necessarily dependent upon his parents? I had a nephew who was killed at the war at the age of sixteen.

**Mr. YATES**.—Who gave consent to a "kid" of sixteen to go to the war?

**Mr. LAIRD SMITH**.—No one consented. He desired to go, and he went; and had the honorable member and others opposite stood by Mr. Hughes in his efforts to impose conscription, there would have been no need for that boy to sacrifice his young life. We could have got men; there would have been no need to send boys. The total debt of the Com-

monwealth is £375,000,000. The total debt of the States and the Commonwealth is £707,000,000. The amount of taxation required per annum to pay interest on our debt is £29,000,000. How are we to meet our enormous liabilities if we exempt from taxation salaries of £406? I desire to see the working man relieved to the greatest possible extent from the burden of taxation. That can only be done, however, by taxing the man with an income of £406 per annum. It is right that he should pay. I hope that the honorable member for Grampians realizes the logical outcome of his proposition. The man on the land will have to pay a little more taxation. Does the honorable member for Grampians intend to make up the difference from the farmers of his electorate?

**Mr. FALKINER**.—They all come under the £5,000 exemption.

**Mr. LAIRD SMITH**.—Yes; they are poor men with £5,000 worth of unimproved value! If revenue cannot be raised from the taxation of incomes, it must be secured from other sources. It cannot be raised by taxing tea, which is free of taxation to-day; or by taxing cotton goods, which also are free. We cannot expect to make up the difference through the Customs. The only way to secure the additional revenue would be by imposing further taxation upon the man on the land. The Grampians farmer will have to pay.

**Mr. JOWETT**.—Quite wrong!

**Mr. LAIRD SMITH**.—The honorable member will be simply shifting taxation from the city man to the land-owner. I am quite willing to relieve the city taxpayer; I represent a city constituency. If the Acting Treasurer (Mr. Poynton) cared to indicate that he would seek to make up the difference by adding to the taxation of land-owners, I would vote for this new clause, and would subsequently support the Government's proposition to impose additional land taxation. I do not think that people earning £406 per year desire this extended exemption in respect of children. The honorable member for Calare (Mr. Pigott) put the show away when he spoke of people who were desirous of sending their children to college. I believe in young men going to college if they are capable of learning something; but how many youths attend college up to the age of eighteen and

make good? How many honorable members have been to college? How many of them have had more than a third-class or fourth-class education? The men who have made good here certainly did not attend college up to the age of eighteen. It would have been a good thing for many young fellows if they had never been sent to college. The average young man who will make good at college will get there by his own effort.

The "numbers are up" on this side. Knowing that the amendment will be defeated, I could easily play a political game and say to the Government Whip, "I propose to vote for the amendment, because I represent a city constituency." I have never done that, and I do not intend to do it on this occasion.

Mr. CHARLTON.—I doubt if any honorable member has ever done so.

Mr. LAIRD SMITH.—I did not suggest that the honorable member had. When the Constitution Alteration (Legislative Powers) Bill was under consideration I could have played the same political game by voting for the amendment to bring State railway servants within the jurisdiction of the Federal Conciliation and Arbitration Court, but I would not do so. Honorable members of the Opposition recognise that this amendment offers them a splendid opportunity to put us in a false light. Why did they not bring in such a proposal when the Fisher Government were in power and we had overflowing coffers? At that time the Treasurer had more revenue than he knew what to do with, but no such exemption was proposed. Complaint has been made of the entertainments tax, under which it is said that the poor man who takes his family to a picture show is penalized. I would remind the Committee that a Labour Government was responsible for the introduction of that tax. On 28th September, 1916, it brought in a Bill providing for a tax of  $\frac{1}{2}d$ . on 2d. tickets and 1d. on 6d. tickets. Honorable members opposite supported the Government that brought down that Bill. Why should they now attempt to fool the people? Let us be just.

Mr. POYNTON.—Under the Income Tax Bill passed by the Labour Government an exemption of only £13 per child was allowed. We have increased that exemption by 100 per cent.

Mr. LAIRD SMITH.—That is so. I am informed by the honorable member for Fremantle (Mr. Burchell) that in Western Australia a Labour Government introduced an Income Tax Bill in which an exemption of only £10 per child was allowed.

I do not blame honorable members opposite; this is a splendid party move on their part. They will be able to make much capital out of the action of those who vote against the amendment. They will probably go on the public platform and say of us, "Look at these men who voted to tax the poor working man with his starving children in his fireless home." And there they will stop. They will not go on to say that, under this amendment, "the poor working man" with a family of five children would have to be in receipt of an income of £406 per annum before he would be liable to pay income tax. I have made this explanation in order that my constituents may appreciate my attitude. If the mover of this amendment can secure sufficient support to a proposal to shift taxation of this kind to the land I shall be with him; but I am not going to join in any effort to reduce the revenue of the Commonwealth in our present financial circumstances. It is our duty to maintain the credit of the country and to provide for payment of interest on our enormous public debt.

Mr. FINLAYSON (Brisbane) [10.10].—The arguments submitted by honorable members opposite who oppose this amendment seem to follow two lines. They suggest, first of all, that the ability of the Government to re-adjust systems of taxation is so limited, and their capacity to finance the affairs of the Commonwealth so feeble, that if this particular source of revenue is lost to us we shall be undone. I refuse to believe that the financial affairs of Australia are going to be thrown into chaos merely because we choose to allow an increased exemption from income tax to the fathers and mothers of families. It is, after all, merely a matter of re-adjusting the system of taxation. According to all the laws of life, a Government, like an individual, deserves to live only to the extent that it can adjust itself to its changing environment. If this Parliament chooses to say that the system of collecting revenue and the expenditure of public money shall

follow lines different from those proposed by the Government, it is the business of the Government either to accept that decision, and give effect to it, or to make way for some other party that will do so. I, therefore, think that the argument that the Treasurer will be placed in a hopeless position if we deprive him of this small source of revenue is futile. It is particularly weak in view of the fact that the Treasurer himself feels so confident regarding the financial position that he proposes to remit part of the entertainments tax and to increase the old-age pensions. On the one hand he proposes a decrease of revenue and on the other an increase of expenditure, so that the financial position cannot be so hopeless. Is it to be said that these two proposals are made because they will be very useful during the election campaign?

Mr. BOYD.—What an awful suggestion.

Mr. FINLAYSON.—The question is quite *à propos*, because those who have spoken from the Government side in opposition to the amendment have declared it to be an electioneering proposal.

Mr. BOYD.—Is that not said of every measure introduced shortly before a general election?

Mr. FINLAYSON.—No doubt it is. Honorable members opposite who urge that this is merely an electioneering proposal forget that they are open to a similar charge if we choose to discuss the question on that basis.

Mr. JOWETT.—We brought forward a similar amendment in May, 1918.

Mr. FINLAYSON.—Exactly. In May, 1918, before there was any thought of a general election, this very proposal received my support, and was advocated in this House by those who are supporting it to-night. It is no new thing. The Labour party have been for years asking for an increase in the old-age pensions. It has come at last. I am sorry it is only 2s. 6d.; I wish it were 5s. We have been asking also for a reduction of the entertainments tax. It has come now. I regret that 6d. tickets are still to be liable to the tax.

Mr. CHARLTON.—The people will be desiring an election every few months if in anticipation of one they are to secure concessions of this kind.

Mr. FINLAYSON.—Yes; if they are to bring about such reforms, then the more frequently we have them the better. I approach this question, however, from a more solid stand-point. We have to ask ourselves is it right to make this increased exemption? Will it enable the people to combat the position they are in to-day? If it is right, then we should take action at once, regardless of whether or not there is an impending general election. If it is not right, then it should not be made now or at any other time. Let us discuss it from that point of view.

The honorable member for Denison (Mr. Laird Smith) sought to establish the argument that because a Labour Government some six years ago had an overflowing Treasury and did not provide for such an exemption, those of us who belonged to the Labour party are inconsistent in supporting this amendment to-day. He overlooks the salient fact that the cost of living and other circumstances are entirely different from what they were six years ago. The honorable member for Denison (Mr. Laird Smith), who was then a member of the Official Labour party, would have enthusiastically supported such a proposal had it been then made. If he thinks that the Labour party should have presented the proposal then, there is a very strong reason why he should support it now, because of the very much more difficult circumstances of the people who will be affected by it.

Mr. LAIRD SMITH.—Let the honorable member show me how he would make up the loss of revenue.

Mr. FINLAYSON.—There is a very old adage that a doctor should not prescribe for his patient until he has been called to see him. If the Government cannot adapt themselves to a change such as is suggested by the amendment, it is their business to make way for others who can.

Mr. LAIRD SMITH.—Will the honorable member make up the loss of revenue which would be sustained by placing a tax upon unimproved land values of less than £5,000?

Mr. FINLAYSON.—I am not here to say what the Treasurer should do.

Mr. LAIRD SMITH.—What would the honorable member do?

Mr. FINLAYSON.—If I were in the Treasurer's place, I would announce my

policy straightway. When the honorable member for Maranoa (Mr. Page) quoted with such approval the closing remarks of the Acting Treasurer's Budget this afternoon I thought that he might very properly have cited the final sentences of the honorable gentleman's speech. The Treasurer said—

Looking into the future, I see countless flocks and herds, ripening grain covering many landscapes, mines and factories without number, and fleets of great ships carrying produce to the nations. I see, too, multitudes of people, happy, rejoicing in liberty, and accomplished in all the arts which mark a highly civilized nation.

The closing sentence of the Budget is the necessary concomitant of the previous one, because all the beautiful vistas which open before the Acting Treasurer can be realized only through the efforts of multitudes of people. All our possibilities of development are quite impossible in the absence of population. I approach this question, therefore, from the standpoint of whether the proposed exemption will assist us to develop a larger population, or even to attract population from overseas. There is no doubt that if we could proclaim to other countries that in Australia there is a recognition of the services rendered by the parents of large families, who receive an exemption of £50 in respect of each child, it would be a big factor in encouraging immigration. While this debate has been in progress I have taken the trouble to extract a few figures from the papers presented by the Treasurer to-day, and also from the latest *Year-Book of Australia*, No. 11, compiled by the Commonwealth Statistician. From these official sources I have obtained the following table:—

Year.	Population.	Marriages.	Births,	Birth Rate per Marriage.
1913..	4,872,059	41,594	135,714	3.94
1914..	4,940,952	43,311	137,983	3.87
1915..	4,931,988	45,224	134,871	3.50
1916..	4,875,325	40,289	131,426	3.17
1917..	4,935,311	33,666	129,965	2.93
1918..	5,030,479	33,141	125,739	3
1919..	5,281,000	..	..	..

The foregoing figures show that, whilst population has increased very slowly, there has been a sad and serious decrease in the marriages and births. I anticipate

Mr. Finlayson.

the objection that, during the war, it was inevitable that marriages and births would be affected to a very considerable extent. But I find that, during the past ten years, there has been a gradual declension in the marriages in proportion to population, and what is still worse, in the birth rate of this country. The decline of the birth rate is not peculiar to Australia—unfortunately it is world-wide.

Mr. MAXWELL.—It is most prevalent in the most prosperous communities, unfortunately.

Mr. FINLAYSON.—I believe that that is so. But whatever may be the cause of it, it is a matter of the gravest possible concern.

Mr. BOYD.—Does the honorable member think that the adoption of the amendment would lead to an increase in the birth rate?

Mr. FINLAYSON.—I support the amendment, because I honestly believe that every assistance we can give, in the way of relief from taxation, to large families, will mark the removal of one barrier to an increase in the birth rate.

Mr. BOYD.—Does the honorable member think that a man who is going to be married takes into consideration whether he will receive an exemption from taxation on account of his children?

Mr. FINLAYSON.—I believe that the question does not enter into his mind when he is first married. But after a few years of married life, it becomes a matter of immediate concern to him. To-day, the question is freely and frankly discussed whether, under the conditions of life which obtain, with the continual worry and care to which people are subjected, it is not a right thing to deliberately commit race suicide. There is no man who can view the position here without some alarm as to its ultimate consequences. Not only is there a decrease in the actual number of marriages and births, but there is a steady and persistent decline in the fertility of marriages, showing that there is a lack of recognition by people of their duty to each other and to the State. Because I believe that we should adopt any and every pretext, specific, and inducement that can be offered to the people to increase population, I am prepared to support the amendment.

**Mr. MATHEWS.**—The honorable member must admit that the fact of a large number of young men being at the war has contributed to the decrease of the birth rate.

**Mr. FINLAYSON.**—It is inevitable that the ordinary domestic affairs of a country shall be seriously and sadly disturbed while a war is in progress. But, apart from the war period, what I have stated is too obvious and too common to pass unnoticed. If the vista conjured up by the Acting Treasurer (Mr. Poynton) in regard to the future development of this country—its fleets of ships, its great areas of wheat waving in the sunshine, and so forth—is to be realized, it is our duty to utilize whatever ways and means are at our disposal to encourage an increase in the population. And if the exemption proposed under this Bill will assist in any degree to that end, we shall do well to support it. The honorable member for Denison (Mr. Laird Smith) has referred to our huge load of debt—£707,000,000 to be repaid by 5,000,000 people. The burden is altogether too great. May I quote again what the Acting Treasurer said in the concluding paragraph of his Budget speech—

The greatest war the world ever saw has left the nations with staggering debts, disturbed finances, and labour unrest.

That, it seems to me, is all that Australia or any other country has got out of the war.

**Mr. RICHARD FOSTER.**—I do not agree with the honorable member. There is no person with British blood in him that ought not to be ashamed to make that statement.

**Mr. FINLAYSON.**—I wonder what possibility there is for us, with our limited population, to develop the great production that is necessary in order to help us to pay our way and meet our financial obligations. If we had not unbounded faith in the virility of the Australian people, and the potentialities of our country, we might well be appalled by the problem before us. The question we have to consider, in the distribution of the burdens we have to carry, is how we can adjust our systems of taxation and the work of the country as to make the burden easier for those who are weak, and harder for those who are strong. There is an old saying that “the rich

will have to be a bit poorer, that the poor may be a bit richer.” The sooner that change comes in this and every other country, the better it will be for all. Certainly we can never hope to meet our great interest bill, and carry on the development of this country as we desire, unless we can bring to our aid some statesmanlike proposals which will encourage the natural increase of population and attract others to our shores in such numbers as will give us a people who will put their heart and soul and muscle into the work of development, and who will help Australia to bear its burdens manfully and courageously. I have no fear as to the future of Australia. I believe that the Commonwealth will emerge from its troubles more easily than will most countries of the world. But in the internal industrial relations of our country we should seek to put the burdens on the backs of those who are most able to bear them, and ease them off to the fullest possible extent from the shoulders of the weak. There are people who can bear more taxation than they are carrying now. Let us lift the burdens from the people who are having a struggle every day to make ends meet, and place them upon those people whose life is a perpetual round of pleasure, and whose main trouble is to fill in time. When the honorable member for Capricornia (Mr. Higgs) was referring to the prices of footwear, the honorable member for Wakefield (Mr. Richard Foster) interjected that we need not worry about people who can afford to pay ten guineas for shoes. I agree with him that those people do not deserve consideration and sympathy. Let us, then, put the burdens of taxation on those who can afford all the luxuries and enjoyments of life, in such measure as will enable us to relieve of taxation those less fortunate folk whose load is already so heavy to bear.

**Mr. RICHARD FOSTER** (Wakefield) [10.32].—I have listened carefully to the debate, at times with a great deal of pain. There have been two phases of the argument—the first expediency and popularity, and the second, principle. There has been little of the latter. By interjection, I disapproved of a statement by the honorable member for Brisbane (Mr. Finlayson) that the only thing Australia got

out of this war was a staggering debt. We got out of the war something more precious than the cost—and the cost has been great in blood and treasure. These staggering burdens we have to shoulder; we must be true to the men who won for this country freedom. We should aim to uphold the standard they raised, and be as true and devoted in sacrifice and service as they were, in order to shoulder our burdens and discharge our obligations. We cannot better honour them than by following in their footsteps. As members of Parliament we receive £600 per annum from the taxpayers, not to do the popular thing, but to do the right thing; not to play to the gallery, but to conserve the best interests of the country and be honest in the discharge of our responsibilities. The first principle of honesty is to face our obligations, and try to pay our debts. I know very well that it would be a popular thing to exempt every child, particularly of the poor, even to the limit that has been mentioned to-day; but we have to be just, before we talk about being generous. The honorable member for Denison (Mr. Laird Smith) has done nobly, like a brave man, in following the dictates of his conscience and in giving utterance to what are unpopular sentiments in crowded city areas such as he represents. It has been stated and admitted that the generosity of this Parliament in the concession made twelve months ago is equal to, if not greater than, any suggested or submitted by any Labour Government in the Commonwealth of Australia. I have no doubt that many honorable members would like to double that generosity if we were in the position to do so; but the honorable member for Brisbane, while saying that our burdens are almost beyond our resources, at the same time suggests making further concessions, and leaving the finances of this country still more on the wrong side of the ledger.

I remind honorable members, and particularly those on this side, of their proper duty in regard to the Government's financial proposals. In the Budget which has just been delivered, there are many things with which I disagree, and at the proper time I shall give utterance to my disagreement; but, so far as this particular question is concerned, I say to the honorable member for Gram-

*Mr. Richard Foster.*

pians (Mr. Jowett) that he, sitting behind and a follower of the Government, ought to recognise his duty in this regard. It is a well recognised and very old principle that if you attack a Government on its financial proposals, and you upset the conclusions of a Budget, you take upon yourself a mighty big responsibility. During the quarter of a century I have been in Parliament, I have never known a Government supporter who did not recognise the position in which he is placed in interfering with financial proposals, particularly at a most critical time like this, right at the close of the session. The honorable member for Grampians, with all his experience—

*Mr. RILEY.*—He has not had much experience.

*Mr. RICHARD FOSTER.*—The honorable member has had a lot of business experience, and in business matters is by no means a fool.

*Mr. LIVINGSTON.*—He is looking for votes.

*Mr. RICHARD FOSTER.*—Then I despise any man who would assume such a position from that motive.

*Mr. McWILLIAMS.*—You have no right to say that.

*Mr. RICHARD FOSTER.*—I say it as a matter of duty. I am paid to say it, and I say it without hesitation, though I am sorry to have to do so.

*Mr. Boyd.*—Every man in this House is here because he did look for votes; otherwise he would not be here.

*Mr. RICHARD FOSTER.*—I do not agree with the honorable member, though I generally do so. It would be a good thing for the country if there were a little less of that kind of business. If I do say, however, that any honorable member, sitting behind a Government, who deliberately disputes the financial arrangements of that Government, as this proposal would, ought to be in a position to make a suggestion that would adjust the finances. I have not heard from any honorable member on either side any such proposal or suggestion. If there is one thing we ought to do in this country, it is to pay our way, and not to drift into further difficulties. This Government told the country that it was not going to impose any fresh taxation. Every honorable member must

realize that there has had to be a sever straining, and a critical tightening up here and there, in order to avoid fresh taxation. I say deliberately that I am going to resist this amendment, not that I would not like to be generous if we were in a position to be so. Even if we were in that position, I would not give the proposed concession to rich people who do not need it. In regard to the poor struggling man, it has been pointed out to-night over and over again that the concession provided last year put the wage-earner quite out of consideration.

Mr. RILEY.—Not altogether.

Mr. RICHARD FOSTER.—I say that it did, and I challenge my honorable friend to dispute it.

Mr. RILEY.—I shall dispute it.

Mr. RICHARD FOSTER.—The honorable member will not prove his statement. I appeal to honorable members to "play the game." Can any honorable member name a single Parliament in the British Empire which, in its proposals to meet war responsibilities, has relieved the worker from taxation burdens in the way this Parliament has? I do not believe there is such a Parliament to be found anywhere. I hope that the proposal before us will be defeated. If we desire to be generous there is another way, which is more appealing to me, and which ought to be more appealing to every honorable member, and that is, the giving of greater concessions to the maimed and wounded from the war. This country is doing splendidly up to the limit of our resources; better, I believe, than any other country; but, if we wish to do more, I would rather do it in the direction I have indicated than in the direction suggested by the honorable member for Grampians (Mr. Jowett).

Progress reported.

#### LOAN BILL (No. 3).

Message recommending appropriation reported, and referred to Committee of the whole.

#### HOUR OF MEETING.

Motion (by Mr. Groom) agreed to—  
That the House, at its rising, adjourn until to-morrow at 3 o'clock.

House adjourned at 10.48 p.m.

#### Senate.

Thursday, 9 October, 1919.

The PRESIDENT (Senator the Hon. T. Givens) took the chair at 3 p.m., and read prayers.

#### GENERAL ELECTION—BUSINESS OF SESSION.

Senator GARDINER.—I ask the Acting Minister for Defence if he will take the Senate into his confidence, and make a public statement as to whether there is to be a general election in the near future. Can he go so far as to tell us, if such is the case, upon what date the general election will take place? If I am in order in putting this further question, and I do so in order to save time, can he also inform the Senate what measures he will endeavour to put through between now and the close of the session, and in what time he expects to put them through?

Senator RUSSELL.—In answer to the first part of the honorable senator's question, I shall take the Senate into my confidence at the earliest possible moment, when I have myself received the information which he seeks. I am trying to get it now.

Senator GARDINER.—Is there going to be a general election?

Senator RUSSELL.—In reply to the honorable senator, I have to say that, unfortunately, that is inevitable.

#### ECONOMIES COMMISSION.

Senator FAIRBAIRN.—I do not care to seem pertinacious, but I again ask the Acting Minister for Defence when it is likely that the report of the Economies Commission will be made available to honorable senators?

Senator RUSSELL.—I was not aware that Senator Fairbairn had asked this question previously, because I was not handling the matter at the time. I shall have inquiries made, and furnish a reply to him later.

#### DISTURBANCE ON BAHIA CASTILLO.

Senator NEEDHAM.—I ask the Acting Minister for Defence if he has a statement to make to the Senate about the disturbance on the *Bahia Castillo*. Will

there be a public inquiry when the vessel arrives in Melbourne, and will evidence at that inquiry be taken on oath?

Senator RUSSELL.—The latest information I have was received this morning by wire from Western Australia, to the effect that everything was going along satisfactorily. I think that, temporarily, the difficulty has been settled. I am now in negotiation with the Minister for the Navy to see whether we cannot hold a joint inquiry into the whole matter.

Senator NEEDHAM.—A public inquiry?

Senator RUSSELL.—I am not prepared to say at this stage. Personally, I should prefer a public inquiry.

### PAPERS.

The following papers were presented:—  
Customs Act 1901-1916.—Proclamations—

Dated 17th September, 1919, prohibiting exportation of Preventives of Conception, &c., and revoking Proclamation issued on 16th July, 1919.

Dated 24th September, 1919, prohibiting exportation (except under certain conditions) of Rabbit Skins.

Dated 24th September, 1919, revoking so much of Proclamation issued on 29th November, 1916, as relates to the exportation of Wife Ropes.

Defence Act 1903-1918.—Regulations amended.—Statutory Rules 1919, Nos. 231 and 235.

Public Service Act 1902-1918.—Promotion of D. B. Wheeler, Prime Minister's Department.

War Precautions Act 1914-1918.—Regulations amended.—Statutory Rules 1919, Nos. 140, 172, 175, 195; 202, 232.

### PUBLIC SERVICE.

#### POSITION OF OFFICERS WHO ENLISTED—

#### PAYMENT OF AWARD RATES.

Senator GARDINER asked the Leader of the Government in the Senate, *upon notice*—

Where members of the Public Service resigned their positions to enable them to take part in the war, will the Government restore these men to positions of equal value to those from which they resigned?

Senator RUSSELL.—The reply is as follows:—

Officers of the Public Service who took part in the war were not required to resign their positions. Any such officers who did resign did so voluntarily. They are, however, eligible for re-appointment, and any who apply will, of course, receive the benefit of the Government's policy of preference to returned soldiers.

Senator McDougall asked the Leader of the Government in the Senate, *upon notice*—

1. Has the attention of the Government been drawn to the award of the Board of Trade, New South Wales, that £3 17s. 6d. is a living wage for a married man with a family of two?

2. If so, will the Government conform to that decision with respect to their employees in that State?

Senator RUSSELL.—The answer is—

The Government has no official knowledge of the matter referred to, and press reports indicate that no finality has yet been reached in regard thereto.

### RETURNED MUNITION WORKERS.

Senator LYNCH asked the Acting Minister for Defence, *upon notice*—

Whether, in view of the alleged unsatisfactory position of returned munition workers in Western Australia, the Government will cause an inquiry, official or otherwise, to be made into their grievances?

Senator RUSSELL.—Yes.

### AUSTRALIANS JOINING IMPERIAL ARMY.

Senator DE LARGIE (for Senator FOLL) asked the Acting Minister for Defence, *upon notice*—

In view of the treatment accorded to Imperial reservists and dependants who were in Australia at the outbreak of war, what action does the Government propose to take towards those Australians who were in England when war was declared, and who enlisted in the Imperial Army?

Senator RUSSELL.—This matter is at present under consideration.

### NAVY.

#### COST OF CRUISERS.

Senator LYNCH asked the Minister representing the Minister for the Navy, *upon notice*—

1. What was the respective cost, including everything required to make those ships seaworthy and fit for active service, of—

(a) H.M.A.S. *Sydney*.

(b) H.M.A.S. *Melbourne*.

(c) H.M.A.S. *Brisbane*?

2. What is the respective difference in tonnage, armament, and ratings of those warships?

Senator RUSSELL.—The answers are—

1. (a) £385,000; (b) £405,000; (c) £776,000.

2. These vessels are sister ships, and there is practically no difference in tonnage, armament, or ratings.

CONSTITUTION ALTERATION  
(LEGISLATIVE POWERS) BILL.

## SECOND READING.

Debate resumed from 3rd October (*vide* page 12998), on motion by Senator RUSSELL—

That this Bill be now read a second time.

**Senator GARDINER** (New South Wales) [3.8].—I rise to address the Senate upon this proposal for the amendment of the Constitution under the shadow of a great sorrow which must rest upon every honorable senator at the present time owing to the function we participated in this morning. One can scarcely approach the consideration of a Bill providing for the amendment of our Constitution without thought of the brilliant part performed in the framing of that Constitution by the late Alfred Deakin.

The Government are hurrying towards the end of the session, but that does not warrant honorable senators in dealing hastily with business as important as that which the Minister has now put before us. I noted, as did honorable senators generally, the care, the skill, the ability, and the learning that was brought to bear by its framers upon the drafting of our Constitution.

**Senator BAKHAR.**—Hear, hear! That cannot be too greatly emphasized.

**Senator GARDINER.**—Before the Constitution was adopted most of us had the opportunity to give our assent to it through the ballot-box. We remember the different views that various members held upon the matter. Some of us were afraid that it was a fixed and arbitrary Constitution that could not be amended, and to that objection our opponents said that it was not a fixed or cast-iron Constitution, but an elastic one, and one that could respond at all times to the will of the people of Australia. I do not think the greatest radical in his wildest dreams of imagination ever thought that the Constitution would be made a plaything for party political purposes, to enable a party to secure a longer lease of office. That aspect of the present proposal is well worth the consideration of the Senate. Let us endeavour to go back to the atmosphere of 1897, when the men who were drafting the Constitution were struggling and grappling with the difficulties

that confronted them. When the Convention was struggling with the question as to what form the Constitution should take—whether the Parliament that would be brought into existence should be conducted under the American system or under the system of constitutional government, as we understand it in Great Britain and in Australia—Mr. Hackett, a Western Australian representative, said, “Responsible government will destroy Federation, or Federation will destroy responsible government.” The statement of Mr. Hackett was that responsible government would kill Federation or Federation would kill responsible government, or words to that effect. I am following along that line of thought. As one who has been a member of the Senate for ten years, it is only natural that I should be conversant with what is happening around us. We are all forced to be students of that. Federation to-day resembles a tree planted eighteen years ago, that is gradually withering, as we now see the prospect of Federation as a Federation gradually dying. Honorable senators who have assisted in conducting the business here must be aware that, almost from the very inception of our Commonwealth Parliament, this Senate has not taken the place under the Constitution that its framers intended.

**Senator EARLE.**—Whose fault is that?

**Senator GARDINER.**—Nobdy's fault; it is no use trying to blame anybody. But we must admit the fact that the framers of the Constitution believed that in creating a Senate they were creating a House in which the States would be represented and State interests watched and guarded.

**Senator BARNES.**—That was the idea.

**Senator GARDINER.**—What has been the result? So far from watching State interests and being the representatives of States, senators have become the members of a second Chamber, watching the interests of the whole of Australia. Senator Thomas is a representative of New South Wales, and Senator Needham is a representative of Western Australia, yet it will be realized that I, another representative of New South Wales, am drawn nearer, in the conduct of the business of the Senate, to Senator Needham than to Senator Thomas. The idea in the minds of the framers of the Constitution was to

call into existence a second Chamber that would absolutely watch the interests of the individual States. Constitutional government has done what Mr. Hackett anticipated. The roots of the Federal tree are exposed, and it is withering. In this Parliament it is felt day by day, month by month, and year by year that Federation must soon cease to exist. I think that is generally accepted by honorable senators and by the members of the community.

Senator DE LARGIE.—Do you think the public accept that view?

Senator GARDINER.—I think it does. Distinct State representation has never been a factor in the working of this Parliament. What is Federation?

Senator EARLE.—A unity of States.

Senator RUSSELL.—No; it is only half way to unity.

Senator GARDINER.—Federation is a union of States whose interests remain separate and not interfered with, a Parliamentary Chamber being provided to take care of those interests. That is a Federation as distinct from Unification. As a Federation we have ceased to exist.

Senator SENIOR.—No!

Senator GARDINER.—I do not care whether honorable senators admit it or not. A second Chamber in which the Federated States retain their identity is something from which we, year after year, get further away. The framers of the Constitution found themselves hampered, particularly at the 1897 Conference, by the fact that the Enabling Bill that called the Convention together had summoned its members to draft a Federal Constitution, and not a Constitution for a united Australia. We can recall the discussions and the strong feeling that existed, particularly when the acceptance of the Constitution was submitted to the people. We must admit that the fears of some who opposed the acceptance of the Constitution have not been realized. I objected to a Constitution which gave to States so small, from a numerical stand-point, as Tasmania, South Australia, or Western Australia, equal representation with a great State like New South Wales.

Senator THOMAS.—We agreed with you upon that issue.

Senator GARDINER.—Yes; we fought that issue for a considerable time together. But what has been our ex-

perience for the last ten years? There never has been an occasion when the large States have been in opposition to the smaller States, and never an occasion when the smaller States have been interfered with and hampered by the larger States. It is worth noting that during the eighteen years' existence of the Federal Parliament, none of the fears of either the large or the small States have been justified by the facts.

Senator SENIOR.—None of the fears, if hopes. Bear that in mind.

Senator GARDINER.—Well, I will say that neither the fears nor the hopes—thus indorsing Senator Senior's sentiment—have been borne out by our experience. The representatives of the larger States have not been in conflict with the representatives of the smaller States, but, as Britisher accustomed to responsible government, we have adapted ourselves to the conditions under which we have grown up, and which we have understood. We have adapted ourselves to the system of parliamentary government in which we have been educated. We did not change to that system of government to which the American people, for instance, have become accustomed. And I say that our system has struck at the principle of Federation, and from the first day of meeting up to the present moment, there has been a strong tendency towards Unification. We are more the representatives of Australia to-day, and less the representatives of the States, than we were twenty years ago.

I am clearing the way. With the experience of the last few years—an experience which I hope will not be repeated—I think it is much to be regretted that the Government introduced amendments to the Constitution in another place, and before the ink had time to dry on them carried a resolution treating them as urgent, thus preventing that ample consideration which measures of this kind warrant. This Bill was hurriedly rushed through another place, and has been brought to the Senate, where, no doubt, the Minister in charge expects it to pass with equal rapidity, even though the Government may not have to adopt the same means to achieve that end. With the history of the war behind us, I say that this was an opportunity for statesmen to frame for the people of Australia a Constitution, not based upon the surmises of State repre-

sentatives at a Convention, but upon the experience of the men who have helped to work the Federation during the years that it has been in existence. Here is a thought that comes to my mind, and so far as I know, it has not yet been voiced in debate in another place. When we—and when I use the term, I mean the representatives of Australia—first attempted to bring the Federation into existence, we invited the people of New Zealand to participate in that great undertaking, and I think that, with the experience of the war fresh in our memories, we might again seek to extend the sphere of our parliamentary authority by inviting the great Dominion of New Zealand to send their representatives to a Convention for the purpose of framing a Constitution for Australasia. We may thus enlarge our self-governing powers, and perhaps bring about a union of all the British people in the Pacific.

Senator GUTHRIE.—Sir George Grey tried that, and failed.

Senator GARDINER.—Exactly; and I venture to say that, after twenty years, Australian statesmen might well follow in Sir George Grey's footsteps, and again attempt to bring about a union of the British people in the Pacific. The idea should commend itself to those who are satisfied, so far, with the success of the Federation of Australia.

Senator GUTHRIE.—There is not another Sir George Grey yet.

Senator GARDINER.—I quite realize, of course, the great position in which Sir George Grey found himself as the leader of Democracy in Australasia. The present is an opportune time for a Convention with a view to completing the union of the British people in the Pacific Ocean. The Federation of Australia enabled this country to play its part effectively in the recent war. The New Zealand Government have thanked the Commonwealth for the fact that Australian vessels saved the Dominion cities from bombardment. They know what the presence of those vessels in Australian waters meant to that part of the British Dominions, for our vessels convoyed New Zealand troops to Samoa. And so I say that, in the light of recent experience, it would have been better if the Government had endeavoured to frame a Constitution to embrace the whole of the British people in the Pacific Islands.

I am endeavouring to point out what should have been done on an occasion like this. I come now to what has been done. I venture to say that it is not only undignified, but almost indecent, to use the Australian Constitution in this manner. The Government have gone quite far enough upon these lines. I should like to know from the Minister the reason for urgency in regard to the Bill.

Senator FAIRBAIRN.—We want to stop profiteering.

Senator NEEDHAM.—A general election is pending.

Senator GUTHRIE.—That is what you fear.

Senator GARDINER.—Quite a number of reasons may be given. One honorable senator says that there is a general election pending. I have tried, unsuccessfully, to get that official information on the subject, to which, as a representative of the people, I am entitled. Another honorable senator states that the Bill is introduced to deal with profiteering. Have the Government introduced these Constitution Bills because they desire to deal with profiteering?

Senator RUSSELL.—Yes.

Senator GARDINER.—I thank the Minister for that definite statement.

Senator MULCAHY.—Is this the first occasion on which you have heard that?

Senator GARDINER.—Yes. There has been a lot of press comment and loose talk generally, but this is the first direct official statement. I am to understand that the reason for haste in pushing these measures through the Legislature is that the Government desire to deal with profiteering.

Senator GUTHRIE.—That is one reason.

Senator GARDINER.—Is there another? I do not sit—thank God—in the Caucus of the National party, and, thus, I am at a disadvantage in making statements upon questions concerning which I can have no inside knowledge, while honorable senators opposite are free to interject for the reason that they are fully informed. Up to this moment I had heard no reason advanced on behalf of the Government concerning why there should be such haste in dealing with the Constitution Bills. And I have heard no other reason, so far, than that the Government desire to handle the profiteer. Yet there is not one word in this Bill regarding profiteering.

I have watched the growth of the Commonwealth Constitution and Parliament. The spirit of our Constitution is indicated by the name which its framers gave to Federated Australia; that is, the Commonwealth. It might have been called a Dominion, as are Canada and New Zealand. But those ardent Australians, and those seasoned Radicals of Great Britain, who were initially concerned with the Federal Constitution, had but one thought; that was, that Australia should become a Commonwealth. They had in mind but the common wealth of the community. They had not forgotten that brilliant period in the history of England when a Commonwealth Government ruled the land and laid the foundation of Britain's laws and liberties. In the word "Commonwealth" one may find the souls of those men who drafted our Constitution. But they did not give us what I could have wished. For that I am not condemning them. Nor am I desirous of underestimating their great abilities. To have drafted, in 1897, a Constitution which would still be acceptable to the people in 1920 could scarcely have been possible. There was jealousy between States; there was the fear of the small States being overpowered by the large States. Eighteen years of Federation have shown, however, that the jealousies were unfounded, and that the fears were groundless. We have now reached the stage where a united Australian people ask that they may have full control over Australian affairs. The best that I could wish for Australia's Parliament is that it should approximate as closely as possible to the House of Commons.

Senator GUTHRIE.—With a nominee Senate?

Senator GARDINER.—I care not whether there be a Senate or otherwise. The Constitution of Great Britain is said to be partly a matter of writing and largely a matter of the growth of customs and usages through the centuries. But the British Parliament is an institution wherein the final power rests with the House of Commons. Whenever the will of the Commons has become the reflex of the will of the people, neither lords nor monarchy have dared to gainsay the people's will. The strength of the House of Commons lies in that it reflects the will of the people, and that whatever laws are passed by the House of Commons are accepted as the laws of the people.

Senator Lt.-Colonel O'LOGHLIN.—All very nice in theory!

Senator GARDINER.—That is the theory, and that is the practice. What could an Australian more ardently wish than to establish the Constitution of the Commonwealth on the theory that the Parliament, representing the will of the people, should be the sovereign power; and that, when the will of the people had been revealed, the laws passed by the Parliament should indisputably become the laws of Australia?

Senator Lt.-Colonel O'LOGHLIN.—Hear, hear! Now you are on sound ground.

Senator GARDINER. Standing, as I do, for parliamentary government, and believing that the future of our Democracy is bound up in the ideals of responsible government, I can only reiterate my view that in that direction alone lies safety. My ambition is to see a truly Australian Parliament established in this country, not a Parliament possessing any new-fangled powers, or based upon any fancy franchise, not a Parliament erected upon any system which has been manufactured in Germany or Switzerland, nor one founded upon proposals which have reached perfection in America, but an Australian Parliament, possessing powers no greater than those possessed by each of our State Parliaments prior to Federation.

Senator Lt.-Colonel O'LOGHLIN.—Powers similar to those which are already possessed by every self-governing Dominion?

Senator GARDINER.—Yes. I desire to see in existence a truly Australian Parliament, so that, when it has enacted the legislation which it has been called together by the various States to enact, we may be absolutely certain that that legislation will remain the law of the land until it is amended by the same legislative body. In other words, I aim at a sovereign Parliament—one Parliament with supreme authority throughout Australia. What have we at the present time? We have a Parliament consisting of two Houses, in one of which there are seventy-five members, and in the other thirty-six members. This Parliament to-day may pass legislation which it deems necessary for the good government of Australia, and in a week or two it may happen that by three Justices to two—which means that one man really decides the issue—the High

Court may determine that the powers which more than a hundred legislators claim they possess in reality they do not possess. Moreover, the decision of that one Justice is final.

Senator SENIOR.—I quite agree with the honorable senator.

Senator BAKHAP.—How does the honorable senator reconcile his desire for a sovereign Parliament with the statement of his new campaign director that we must have a still more extensive process of decentralization?

Senator GARDINER.—I am rather glad that Senator Bakhap has made that interjection. I recognise that local matters should be considered and administered by local bodies. Just as our State Parliaments delegate their powers to municipal councils, so would I have a Federal Parliament which would divide Australia into provinces, the boundaries of which would not, perhaps, conform with the existing State boundaries. States like Queensland, New South Wales, and South Australia, for example, are so large that they could with advantage be divided into provinces for the purpose of self-government.

Senator GUTHRIE.—All right; give us Broken Hill.

Senator GARDINER.—Exactly. It might be that in a division such as I have suggested a portion of South Australia would receive the rich territory of Broken Hill, which South Australians have coveted for so many years.

Senator GUTHRIE.—We have it.

Senator GARDINER.—All I can say in reply to Senator Guthrie is that the longer I listen to his interjections the less I am capable of understanding them. First he interjects, "Give us Broken Hill." When I reply that under the system I have suggested South Australia might obtain the rich territory of Broken Hill, which South Australians have coveted for so many years, he assures me that they already have it. Why does he ask for what he already has?

Senator BAKHAP.—Will the honorable senator tell us whether he is going to vote for these Bills?

Senator GARDINER.—I quite appreciate the interjection of the honorable senator, who, as the vigorous opponent of direct action, boasts of his capacity for

putting a direct question, and yet exhibits so much impatience regarding the way in which I am going to vote. I may tell him that, so far as these Bills are concerned, it is quite a difficult question for me to say how I am going to vote upon them. Had they been introduced in a manner which would have conferred credit upon the Government, one might almost say, as the Vice-President of the Executive Council has said, that he recognised some old friends in them. I recognise that portions of one of the two Constitutional Bills which are now before us are word for word identical with clauses in a measure which I had the honour to submit to this Senate. But although the wording of particular clauses is identical, the conditions under which I am asked to vote for the Bill are the very opposite of what they then were. When I submitted that measure to this Chamber, I said, in effect, "Here is a Bill under which it is proposed to amend the Constitution—a Bill which is to be submitted to the electors for their acceptance or rejection. If it be accepted, it will become the law of the land permanently. But the Government have not done that in this measure. Instead, they have tied a string to it. They say to the electors, 'If you approve of the Bill, and we do not wish to work under it, we shall do what boys do when they are playing with kites—we shall wind it back again, so that it will cease to be part of our Constitution.'" That difference alone is sufficient to justify me in opposing both of these measures.

Senator Lt.-Colonel O'LOGHLIN.—It is the cat-and-mouse clause to which the honorable senator refers.

Senator GARDINER.—Senator O'Loghlin has well described it. Rather, like a cat, Australia is to be induced to play with a bit of wool that is made to look like a mouse. Upon this occasion the mouse is the profiteer. If the Government are returned to office after a general election, they have merely to fold their arms until a popular convention has been called together—and there is no power to compel them to call it together—to make all the trouble which will be involved in taking this referendum go by the board. Under such conditions, can it be urged that this is the same Bill which I submitted to the Senate?

Senator SENIOR.—The honorable senator has himself admitted that portions of it are word for word with that measure.

Senator GARDINER.—I admitted that there are certain provisions in these Bills which are identical with provisions in the measures which I introduced into this Chamber. But cannot the honorable senator see that if these Bills are not intended to secure permanent amendments in our Constitution they differ fundamentally from the measures which I submitted to the Senate? I asked the Vice-President of the Executive Council a question bearing on this phase of the matter, during the course of his second-reading speech upon the Bill. He stated that the framers of our Constitution had imposed a time-limit upon some of its sections. I asked him whether the Government intended to place a time-limit upon the amendments to the Constitution which they propose to submit to the electors. His reply was that the original framers of our Constitution had done the same thing.

Senator RUSSELL.—I did not affirm that principle, I am sure.

Senator GARDINER.—The honorable gentleman, in reply to my interjection, stated point-blank that the framers of our Constitution had imposed a time-limit upon some of its provisions.

Senator GUTHRIE.—In a hundred places in the Constitution it is provided that certain provisions shall remain in force "until Parliament otherwise provides."

Senator RUSSELL.—I admit that I said what the honorable senator has attributed to me, but I think he is misapplying what I said.

Senator GARDINER.—The Minister, in introducing the Bill, seemed to think that because it is proposed that amendments of the Constitution provided for here shall remain parts of the Constitution until certain things are done, and shall cease to be part of the Constitution if they are not done, there is some analogy between that and such stipulations in the Constitution as that dealing with the *per capita* return of moneys to the States for ten years.

Senator RUSSELL.—That is entirely foreign to my view. There must be some misunderstanding.

Senator GARDINER.—In justice to the Minister, I will take the opportunity to look up what he said. The last thing

I desire to do is to misquote any one. I can easily misunderstand the honorable senator, and it is my fault if I do. If I deliberately try to misquote him, that will be my fault also, but I have never so far, I think, been guilty of doing that. What I have in mind is that the original framers of the Constitution never put any provision into it that died of itself, and never made any temporary provision in the Constitution which was not qualified by the phrase to which Senator Guthrie has referred, that it should be the law of the land and lay down the procedure to be followed until Parliament otherwise provided.

I should like to be quite accurate, and I find that I made the following interjection while Senator Russell was moving the second reading of the Bill:

Have we any constitutional power to pass amendments of the Constitution limiting the period of their operation?

The honorable senator, in reply to that interjection, said—

I do not think there is any doubt on that point. The proposed amendment will be of a temporary nature, because it is desired that a democratic Convention shall be summoned at an early date to review the Commonwealth and States Constitution, but we are unable to wait until the Convention gets to work, as it is necessary to deal at once with certain urgent problems with which Australia is faced. After the experience we have gained in recent years, I feel confident that an improved Constitution will emerge from the proposed National Convention. Concerning the point raised by Senator Gardiner, I remind him that in relation to certain matters, limits were fixed in the Constitution when it was adopted, and as we are assured of the co-operation of the States in endeavouring to secure the amendments now proposed, I do not think the question of constitutionality is likely to be raised.

I am not trying to convict the honorable senator, but I believe that he had in mind that the constitutional limits included in the Constitution by its framers were similar to the limitations sought to be fixed upon the constitutional amendments proposed in this Bill.

Senator RUSSELL.—I assure the honorable senator that I had no intention to convey any such meaning. The honorable senator will let me make myself clear. I understood him to say that we had not the power to put any limitation upon the operation of a provision in the Constitution, and I said that we had that power, because we had done it before.

Senator GARDINER.—I accept the Minister's statement, and it brings me to

the point that the framers of the Constitution never placed any power in it that died in the event of something happening, or of something not happening. The Constitution, as originally framed, went to the people. It received its life and being from the people. The point I wish to make is that it is unconstitutional to attempt to limit the time during which an amendment proposed in the Constitution shall remain in operation in the way proposed in this Bill.

Senator BAKHAP.—There is at least a reasonable possibility that the High Court will hold it to be unconstitutional.

Senator GARDINER.—I am making the bold assertion that it is unconstitutional.

Senator RUSSELL.—That is what I was trying to answer.

Senator GARDINER.—I contend that it is unconstitutional, on the simple ground that when I go to the Constitution itself to discover what our powers of amendment are, I find no provision by which an amendment can be made which will be part of the Constitution to-day and will not be a part of the Constitution a month or a year hence. In all the provisions for the amendment of the Constitution, there is none of that nature. Senator Bakhap has interjected that the High Court may rule this proposal to be unconstitutional, and I venture to say that the High Court will decide in that way. I am not a lawyer; but one cannot even play at law-making for a number of years without being able to pass an opinion upon such a matter.

Senator RUSSELL.—What about the *per capita* payment to the States? Was that not limited to ten years?

Senator BAKHAP.—The arrangement was altered by an Act of this Parliament.

Senator RUSSELL.—By a constitutional amendment.

Senator BAKHAP.—No; the *per capita* grant is now the subject of an ordinary legislative enactment.

Senator GARDINER.—If Senator Bakhap is right, the Minister has been unfortunate in his reference; but I confess that, at the moment, I am unable to say whether that matter has been dealt with by a constitutional amendment or not. However, there can be no doubt that the *per capita* payment was provided for in a certain manner for ten years under the Constitution; and it was also provided that, thereafter, it should be

dealt with as this Parliament might decide. There is no such provision proposed with regard to the amendments of the Constitution which we are asked to agree to now. If it were proposed that these constitutional amendments should operate for a certain number of years, or until Parliament otherwise provided, I think that would be correct and constitutional. But we are asked to say that an amendment of the Constitution shall continue, not until this Parliament or the people decide otherwise, but until certain things are done; and that if they are not done, this constitutional amendment will die.

Senator RUSSELL.—I think that the Braddon section was to remain in operation until Parliament otherwise provided.

Senator GARDINER.—That is so, and if this Bill contained a provision that the amendments proposed should remain part of the Constitution until Parliament otherwise provided, it would be quite competent for this Parliament to pass it, and for the community to indorse it, and it would become part of the Constitution. But I see no provision in our Constitution for passing an amendment which will be part of the Constitution to-day, and will die, not because of a certain definite Act of Parliament, but because in certain circumstances nothing at all is done.

It is altogether contrary to my desire to introduce opposition to the Government into the discussion of a question of such magnitude as an amendment of the Constitution, but I would like to point out that since the Government introduced this Bill and passed it in another place, they have recognised how doubtful is the Bill which they introduced.

Senator Lt.-Colonel O'LOGHLIN.—They started before they were ready.

Senator GARDINER.—Yes, and they are asking us to start before we are ready. I have to thank the Acting Minister for Defence (Senator Russell) for giving me a copy of the amendments which I understand he intends to move in the Bill. One of these proposed amendments reads in this way—

Constitution Alteration (Legislative Powers) Bill, page 1, clause 3, lines 20 and 21, to leave out paragraph (a).

Now, how does paragraph *a* read? It would give the Commonwealth powers to deal with corporations. It reads—

(a) The creation, dissolution, regulation, and control of corporations.

The Government proposes now to introduce an amendment to prevent this Parliament from securing powers for the control of corporations.

Senator RUSSELL.—It will destroy the power of creation as proposed in the Bill.

Senator GARDINER.—It will destroy the power of creation, dissolution, regulation, and control of corporations.

Senator RUSSELL.—As we cannot create a Commonwealth corporation, we shall not be able to control or destroy it, but we will have full control of all State corporations under this proposal.

Senator GARDINER.—What we will have under this Bill will remain one of the mysteries mixed up with what the Government wish to give us under the Bill. Although the Bill was introduced only a few days ago, and it is not a week since it was passed in another place, the Government have already discovered that this is not the Bill they wanted, but some other Bill. This is not the measure they intended to introduce, but another measure, and I appeal to honorable senators to say whether a proposal of this kind can be dealt with by the Senate under these conditions. Are honorable senators who sit behind the Government really satisfied?

Senator SENIOR.—Absolutely.

Senator GARDINER.—I know I should not ask in vain if I were to ask Senator Senior to proclaim to the world that he is satisfied with the present Government.

Senator SENIOR.—On this question I am.

Senator GARDINER.—I can appeal to other honorable senators; to such an old-fashioned Conservative as Senator Bakhap, who came into the Senate to keep alive the Federal idea of the Constitution.

Senator BAKHAP.—Precisely. That is why I was sent here.

Senator GARDINER.—The honorable senator was sent here to represent Tasmania, and I can appeal to him and others who think as he does to say whether this is a fair method of asking us to deal with a great constitutional question. I claim that it is not.

Senator BAKHAP.—The honorable senator was willing enough to use it when it suited him. I have always said that those proposals were wrong. Let Senator Gardiner say that now.

Senator GARDINER.—That is what I have been trying to say for the last half hour. I have been doing my best to say that this new-fangled and fancy method of dealing with constitutional amendments is wrong, and I challenge Senator Bakhap to say that I ever tried to do anything of this kind.

Senator SENIOR.—If the honorable senator will read section 94 of the Constitution he will find that it answers him directly.

Senator GARDINER.—I like to look up anything which I am recommended to read by Senator Senior. The honorable senator follows a speaker so slowly that he gets far behind, and forgets what one is talking about. Then he tries to put an obstacle in the speaker's way in order that, while the speaker is trying to surmount it, he may be able to catch up with him. I find that section 94 of the Constitution reads—

After five years from the imposition of uniform duties of Customs the Parliament may provide, on such basis as it deems fair, for the monthly payment to the several States of all surplus revenue of the Commonwealth.

I have read that section because I knew what it contained. If the Minister will include in this Bill a provision leaving it to Parliament to decide whether the proposed amendments of the Constitution shall continue in operation or go out of existence, I shall be quite prepared to accept such a provision. But will the Government do that? If they will move in a constitutional way in dealing with constitutional questions I shall be prepared to go with them. But I will not permit them to believe that they can fool me and the rest of the community. So far as my voice will reach the people this pretence will be made public, and this jugglery will be exposed. Should the Government and their followers support it, they can no longer stand as strong supporters of constitutional government. In my early political struggles the Constitution was held to be something almost sacred—something that we should get down on our knees and worship. But it has now become the plaything of party intrigue, something with which the Government may mislead their own party, and, incidentally, the rest of the community.

Senator SENIOR.—That is the honorable senator's opinion.

Senator GARDINER.—It is. I am here to give my opinion. I know Senator Senior's position. He has perfect confidence in the Government. Were I on the Government bench I could not ask for a more loyal follower. He is a man who will follow the Government although his intellect tells him that they are on the wrong track.

I say, with regard to this method of amending the Constitution, that the Government are taking an absolutely false step. I have never regarded the Constitution as sacred, but it is too serious a matter to be played with. There is another amendment proposed—and I discuss these amendments now in order that I may discuss them less in Committee. It shows that the Government, since my interjection to Senator Russell last week, evidently think as I do, because they have now framed the following amendment:—

No law passed by the Parliament by virtue of the powers conferred by this Act shall continue to have any force or effect, by virtue of this Act, after the alterations made by this Act have ceased to have effect.

The magnificent and lucid draftsmanship of the present day has made the position as clear as mud. The Government are pretending that they are attempting to deal with the profiteer, but there is a law at present in force under which they could do that which they are now seeking power to do. They are absolutely fooling with the whole situation, and that is why I am raising my voice in strong opposition to their action. I am endeavouring to let honorable senators see that the proposed amendment of the Constitution is not what it pretends to be. Believing that I am fairly putting the views of honorable senators on this side of the Chamber, I now propose to move an amendment to the motion of the Minister that the Bill be now read a second time. I propose striking out all the words after "now" with a view to insert some additional words. I am moving this amendment now in one motion instead of in sections on the different clauses, to enable the Bill to be dealt with more expeditiously.

Senator FAIRBAIRN.—Where does your amendment come in?

Senator GARDINER.—The Minister's motion is, "That this Bill be now

read a second time," and I propose to amend the motion by moving—

That all the words after the word "now" be left out with a view to insert in lieu thereof the following words:—

"withdrawn for the purpose of recasting so as to provide for an amendment of the Commonwealth Constitution on the lines following, viz.:—

- (a) Provision for the Initiative-Referendum whereby the electors may initiate or recall legislation. No referendum to the people within six months (before or after) of a general election.
- (b) The High Court to be the final Court of Appeal in any Australian cause.
- (c) The Senate to be abolished, and the House of Representatives to consist of 100 members—each electorate to have as nearly as possible an equal number of electors.
- (d) Adult suffrage to be made part of the Constitution.
- (e) The Commonwealth Parliament to be vested with authority to create any number of provinces as may be necessary for the good local government of the people.

#### PROVINCIAL LEGISLATURES, ETC.

The Commonwealth shall grant to each province a uniform written Constitution, setting out the powers and duties of the Legislatures thereof. Such Constitution may be amended from time to time as may be required.

Each province shall be governed by a Legislature to be composed of a reasonable number of members.

The term of office of members to be three years.

Members to be paid such uniform salary as shall be determined.

Commonwealth electoral rolls to be used at all elections.

The Provincial Legislatures shall have power under its Constitution to make laws for the government of the people within the province.

#### FINANCE.

The Commonwealth shall take over all present State debts.

The Commonwealth Government to as far as possible collect all revenue, thus obviating the expense of duplication in collecting taxes, &c.

#### MUNICIPALITIES.

Commonwealth Parliament shall grant a uniform Constitution to provide for municipal government, the supervision of administration to be the duty of the provinces."

*Extension of time granted, on motion by Senator Needham.*

The amendment embodies resolutions carried at the Labour Conference which dealt with the proposed amendment of the Constitution. It has an advantage over the Government proposal, because it has the support of a very large number of electors, who have endeavoured

to crystallize it into suitable form. The Government have submitted something that they consider necessary for a period of six months, twelve months, or three years. The Government, through their Minister in this Chamber, have said that their proposals are intended to give them power to deal with the profiteer, but this amendment will be so far-reaching and so complete that it will give the Commonwealth the powers I referred to in my opening remarks. The proposed amendment is in the form accepted by the Labour Conference, and it would amend the Constitution in the form we think proper. I do not think honorable senators supporting the Government are likely to rush our proposals, but I recommend them to their earnest and serious consideration. I ask honorable senators to judge for themselves whether the Government have introduced these constitutional proposals in a way that is acceptable to a majority of this Senate. I venture to say that even the most loyal supporter of the Government must feel that an indignity has been placed upon him by the manner in which he is asked to support these proposals on the eve of a general election. The Government say they wish to deal with profiteers. What are profiteers? A profiteer is a man who is making an undue profit.

Senator BAKHAP.—What is an undue profit? We need a definition very badly.

Senator GARDINER.—Making an exorbitant profit.

Senator BAKHAP.—Define exorbitant?

Senator GARDINER.—A profiteer is a man who is making undue or exorbitant profit. Whether I used the term "undue" or "exorbitant," I am questioned. Perhaps I will be sufficiently explicit if I say that a profiteer is one who is making more out of his business than the capital invested or the labour employed justifies. If the terms I have used fairly define the profiteer, the Constitution in its present form gives the Government power to deal with him if they wish to do so. I admit there are powers that can be used for other purposes; but paragraph ii of section 51 of the Constitution gives the Government power to deal with the profiteer. That paragraph empowers the Commonwealth Parliament to make laws in respect of

taxation, but so as not to discriminate between States or parts of a State. If a profiteer is making an unfair profit, can not the Government introduce a Bill to enforce him to pay a tax of £2 for every £1 profit over and above a certain limitation? Suppose we limit the profit to 5 per cent., 6 per cent., or  $7\frac{1}{2}$  per cent. on the capital invested. A taxation Bill could be introduced in another place, and passed through both Houses in twenty-four hours, providing that a man who received a certain profit, after making allowance for the capital invested and the labour employed, should have to contribute taxation in the manner I have suggested. The proposal of the Government is a sham and a fraud.

Senator BAKHAP.—Why limit the profit to  $7\frac{1}{2}$  per cent.?

Senator GARDINER.—Personally, I would make it 5 per cent., and possibly Senator de Largie would make it 6 per cent., and Senator Mulcahy  $7\frac{1}{2}$  per cent.; but I suppose Senator Bakhap would allow the profiteer to make as much profit as he could drag out of the people.

Senator BAKHAP.—I would like to see any enterprise continue as a dividend-paying concern.

Senator GARDINER.—The larger the dividends, the more the honorable senator would be pleased, irrespective of the manner in which the workers were sweated. Here is an example of profiteering. I shall quote from the balance-sheet of Robert Reid and Company, in order to make clear the point I have in my mind. I quote from a news cutting:—

In connexion with the Inter-State Commission's report on the price of articles of wear, the following extract from the balance-sheet of Messrs. Robert Reid and Company Limited, published in the *Daily Telegraph* of 27th January last, will be of interest:—

—	1915.	1916.	1917.	1918.
Net profit	£ 52,803	£ 65,380	£ 68,887	£ 109,054
Preference dividend	5 $\frac{1}{2}$ per cent.			
Ordinary dividend	10 per cent.	10 per cent.	10 per cent.	15 per cent.
To reserves	£ 15,000	£ 55,213	£ 36,375	£ 66,087
Capital paid up ..	409,623	409,623	409,623	420,092
Reserves ..	219,529	346,742	383,118	449,206

Senator PRATTEN.—That company is registered in London.

Senator GARDINER.—It is doing business in Australia, and the case I have quoted is a glaring example of profiteering. When the war was in progress, and when men were away fighting in their country's interest, these big companies were exploiting the people. I do not mean this particular company, but all companies whose profits increased as a result of exploitation.

Senator BAKHAP.—Did they not have to contribute to the war-times profit tax?

Senator GARDINER.—The Government have said that they have not the power to deal with the profiteer, and are introducing this Bill to amend the Constitution to give them authority. The Government have had the power since the 13th May, 1916, when the High Court gave its decision in the appeal under the War Precautions Act in the bread case. The Government knew they had the full power to control prices during the period of the war, and they failed to exercise it. The Government left the soldiers and soldiers' dependants at the mercy of profiteers, and now they are introducing this proposal in the hope of obtaining a renewal of the confidence of the people to enable them to allow the profiteers to continue to exploit the community.

The PRESIDENT (Senator the Hon. T. Givens) [4.20].—Before I put the amendment, I want to point out that one guiding principle has always governed amendments to amending Bills. Nothing but what is dealt with in any amending Bill can be dealt with by an amendment. This practice has been laid down, and this ruling given, over and over again. In this case, the amendments are not relevant to the subject-matter of the Bill before the Senate, although they might be relevant to proposals for the amendment of other portions of the Constitution. This Bill seeks to amend specific portions of the Constitution, and deals with one or two points only. Any amendment, either extending it or limiting its effect, would be strictly relevant and in order, but amendments going beyond the extent of the Bill and dealing with matters that are not touched by it are obviously not in order.

Senator GARDINER.—Before you conclude, Mr. President, may I speak on a point of order?

The PRESIDENT.—The honorable senator will have the right to move that my ruling be dissented from. The duty devolves upon me of determining whether an amendment is in order or otherwise, and it is my duty now to declare that the honorable senator's amendment is not in order.

Senator Lt.-Colonel O'LOGHLIN.—The whole of the amendments?

The PRESIDENT.—The series of amendments which the honorable senator has moved are obviously not in order, and not in accordance with our Standing Orders and practice. Standing order 193, dealing with the second-reading stages of a Bill, states—

On the Order of the Day being read for the second reading of a Bill, the question shall be proposed, "That this Bill be now read a second time."

And standing order 194 provides—

Amendments may be moved to such question, by leaving out "now," and adding "this day six months," which, if carried, shall finally dispose of the Bill; or by referring the Bill to a Select Committee; or the Previous Question may be moved.

These are the proper and ordinary amendments to move at the second-reading stage of a Bill. Standing order 195 states—

No other amendment may be moved to such question, except in the form of a resolution strictly relevant to the Bill.

The amendments moved by the honorable senator would be relevant to a Bill amending the Constitution generally, but they are not relevant to a Bill which seeks to amend the Constitution in only one or two specific particulars, and is, therefore, of limited scope. For these reasons, and in accordance with well-constituted practice, I rule the proposed amendments out of order.

Senator GARDINER.—I accept your ruling, Mr. President, and shall not proceed further, unless you force me to move that your ruling be disagreed with. I believe I still have the right to move my amendments in Committee, but I thought the debate would be shortened if we could deal with all of the amendments together. Will you permit me now to alter my amendment to move that the Bill be referred to a Select Committee for consideration and report?

The PRESIDENT.—A Select Committee could not do what the honorable senator desires to do.

Senator GARDINER.—I contend that all the powers of Parliament are contained in section 51 of the Constitution, and that any amendment of the Constitution comes under that heading. But if you, sir, persist in your ruling, I shall move my amendments one by one in Committee, and that procedure will take much longer time. I prefer to move at this stage that the Bill be referred to a Select Committee for consideration. I do not care if my amendments are defeated, because I shall have put concrete proposals before Parliament for acceptance or rejection.

The PRESIDENT.—What the honorable senator proposes to do could not be done without a suspension of standing orders, which is a matter for the Senate to decide. I am bound by the procedure and the Standing Orders of the Senate.

Senator BAKHAP (Tasmania) [4.25].—Honorable senators will remember that during the discussion on the Supply Bill some weeks ago I anticipated that amendments to the Constitution would be hurried before the Commonwealth Parliament for consideration. It did not require a very great amount of political prescience on my part to come to that conclusion. The sequel has justified my anticipations, for we now have those very Bills, embodying, perhaps, a modified attempt to alter our constitutional edifice, and an attempt, moreover, on lines that have previously been rejected by the people. As a representative of the smallest State, territorially speaking, in the Commonwealth, but which is still a geographical entity, I wish to make it quite clear that any proposals for constitutional amendment will be very carefully scrutinized by me before they get my indorsement. But there is an additional reason for suspicion and jealousy on my part. The Minister, when introducing the measure now under discussion, said at the conclusion of his remarks that in constitutional matters he was an extremist. When we who are Federalists, when we who stand here as representatives of the rights of the smaller States, find that the Minister responsible in this Chamber for the introduction of a Bill to amend the Constitution, declares himself to be an extremist, it is time to be alert and to be jealous in every particular of those constitutional privileges and self-governing rights inherent in the States as integral

portions of the Commonwealth. I am astonished at the attitude of members of both parties in regard to this Bill. But I am here to discharge, according to my ability, the duties intrusted to me when I was elected by the people of Tasmania. I care not for party, I care not for convention, I care not for the attitude of the leaders of political organizations towards me in regard to the discharge of my duty. My consideration is for the rights of the people of Tasmania, of the people who have honored me on three successive occasions by electing me to this, the superior Chamber of the Commonwealth Parliament.

This proposal is to make what is acknowledged to be the extreme medicine of legislation, our daily bread. How can honorable senators justify their attitude, and give even qualified or modified support to a constitutional amendment like this, when, a few weeks ago, they were amongst the most vociferous in imploring the Legislature not to continue the operation of the War Precautions Act, which gave to the Administration of the Commonwealth all the powers, unconditioned and absolute, which are asked for in this Bill?

Senator GRANT.—And many more besides.

Senator BAKHAP.—And many more besides, as the honorable senator interjects. For four years we had been within the lurid precincts of the temple of war, and we anticipated being able soon to step out into the larger freedom of the sunlit fields of peace. We were hopeful of being able to secure the benefits of peace at the earliest possible opportunity, notwithstanding that we were technically still in a state of war, and legally, perhaps, will be in a state of war until the ratifications of the Peace Treaty are completed. Honorable senators were practically unanimous in expressing the hope that at the earliest opportunity we should reach a condition of peace, and enjoy peaceful government, free from bureaucratic control. But what is now proposed? I heard some one—I will not say who it was—say not long ago that this Bill constituted a war measure. Do we want to prolong the state of war? Do we want to project the state of war into the time of peace by enacting war legislation which will operate for three or four years after peace?

Senator RUSSELL.—Who said that?

Senator BAKHAP.—I know who said it, and where it was said. Let me tell the honorable the Minister, this Minister who is an extremist in constitutional matters, that it was said very recently. These Constitution Alteration Bills, we are told, are war measures. Is war such a delightful state of affairs, and is the centralization of control so beneficial to the people of Australia that we want to continue these operations for at least four years after the signing of the armistice? Perish the thought! This attempt is going to get no assistance from me. We have been told that if we do not agree to a measure of this description the fountains of the great deep of industrial and social order will be broken up; that, in fact, these measures must be passed in order to avert some terrible social and economic catastrophe. That kind of talk may be all very well for people who are only half informed, but it must not be addressed to men like me, in the hope of having any effect upon my mental attitude. If the social and economic order of Australia is in danger, then our Parliaments are in danger. No corrective of this kind will stem the incoming tide. All this talk is mere subterfuge. If social unrest is so deep seated that unless these Constitution Alteration Bills are agreed to, the people of Australia are going to act in the future in a way contrary to all the best instincts of our race, then this Parliament is going to disappear. But I do not believe that our social order is in any danger. I am in a position to prove that the accumulations in the Savings Bank in this State alone increased during the four years of war by 75 per cent. Does that suggest that our social order is in danger? I am also able to prove that the prices of many commodities were higher eighteen or twenty years ago than they are to-day. Honorable senators know that I am not in the habit of making loose assertions. I want to put the position fairly before the people. The other day a man with university training, who ought to know better, said to me, "There is not much in this profiteering cry, but we must pander to the people to a certain extent." Is that what a university education brings a man to do, instead of endeavouring to enlighten the people? I am going to in-

form the people from as many platforms as I can reach in Tasmania, that many of the things that are being told to them at the present time are fallacious in the extreme, and unworthy of consideration in any enlightened Democracy.

Senator GARDINER.—You tell them that the beef which a few years ago was 5d. a lb. is now 10d., and ask them if that is not profiteering.

Senator BAKHAP.—At Geelong the other day bacon pigs were sold at prices which came out at 9d. or 10d. per lb. What will that work out at when the pig is turned into bacon? I agree that meat was cheap in Australia at one time, but that was before we commenced to export; and I remind the honorable senator that we cannot have our cake and eat it too.

Senator GARDINER.—Would you have called it profiteering if the Government had fixed the price at which fruit could be exported from Tasmania to England at 3s. 6d. a case, and if, immediately upon the retirement from office of the Ministry responsible for that price-fixing, the shipping companies had raised the freight to 7s. 6d.?

Senator BAKHAP.—I can only say that it was a good thing for the Tasmanian orchardist when price-fixing was abandoned. The honorable senator knows full well that the war dislocated freights. Because of the destruction of shipping, and for allied reasons, freights were bound to increase.

A few minutes ago it occurred to me to look up the speech which I delivered in opposition to the proposed amendments to the Constitution in 1915. In that year, when the Liberal party, enfeebled and depressed by defeat at the polls, seemed to let these measures go through Parliament by default, I undertook to deliver a speech in this Chamber, marshalling my arguments upon principles directly opposed to these pernicious measures of amendment. I have just glanced through that speech, for the reason that I do not desire to weary honorable senators by a repetition of arguments which I then advanced, and also because it is not necessary for me to rehash them, seeing that there is such a mass of argumentative munitions available. I am very disappointed in the Liberal party, as well as in the Labour party. I am disappointed with the latter, for the reason that it is impliedly seeking

to bring about the very condition of things against which it protested in connexion with the projection into a time of peace of the War Precautions Act and Regulations. I am disappointed with the Liberal party. The "Hughesite" Labour members in the National party may hold up their heads; they have always favoured these proposals for the amendment of the Constitution. It is not the smallest part of the price which the Liberals have had to pay for sheltering the "Hughesite Labourites" from political extinction, or, at any rate, from destructive attack, that the false economics of the latter have been permitted to substantially modify what we Liberals have always believed in and stood for. Where are those Liberals who protested with me, and fought so strenuously on two separate occasions against the alteration of the Constitution? I have had the pleasantest personal associations with Labour members forming part of the National party—which associations I hope to continue; and I believe that the association of those Labour men with the Liberals has been fraught with the greatest benefit to the Empire and to Australia during the period of war strain. Yet I must say that that association has, in a way which the "Hughesite" Labour members may think creditable, but which I do not believe to be so creditable to the Liberal party, substantially modified the economic views of the latter section. It is not creditable to a man of light and leading that he should sink his principles to pander to a popular cry. It is not creditable to members of the Liberal party, who in the recent past have fought these proposed alterations to the Constitution, that they should now acquiesce in the projection into a period of peace of conditions which were bound to exist during the years of war. We are fain to permit things to be done during warfare which are undesirable in days of peace. The knights of the middle ages, encased in armour, rejoiced when they were able to throw off their suits of mail after battle. Our modern soldiers in the trenches rejoiced to take off their gas masks and retire to rest billets. I consented reluctantly to a situation during the war which practically involved a suspension of the Habeas Corpus Act. Do honorable senators believe that that Act should be suspended during days of

peace? No! and yet, although they protested against the projection into the peace period of the War Precautions Act and regulations, they now impliedly support alterations to the Constitution which are bound to raise turmoil and bitterness in the industrial life of the Commonwealth for the next three years at least.

I, with Senator Gardiner, have grave doubts whether the High Court—the interpreter of the Australian Constitution—will hold these proposed amendments, if unhappily adopted by the people, to be within the ambit of the Constitution. It is a matter, perhaps, on which I am not competent to speak; but I shall certainly speak upon a larger question. Let not any man charge me, in regard to my opposition to these proposals, with being a little Australian. I fought for the establishment of Federation. I was in New South Wales when the first Commonwealth Bill was considered by the Parliament and people of that colony. I fought for the original Commonwealth Bill, and for the measure which subsequently amended it; and I can now enjoy the inspiriting reflection that, to the best of my humble ability, I helped to establish this Commonwealth of ours. I have steadily followed the ideal of nationality; but I am not insensible in regard to the genius of the British race. The political genius of the British people is not to make one out of many, but to develop many within one. We have an instinctive genius for self-government. The very building in which we are housed is an evidence of the enthusiasm with which the Victorian people recognised and signalized the right to govern themselves, when, by a British enabling measure, they were separated from New South Wales. In my youth a holiday was annually granted to the children of Victoria in celebration of Separation Day. We people of Tasmania were for many years subject to New South Wales, but the granting of self-government eventually became necessary. I have always asserted that one can stress a principle too severely; yet I say emphatically that in the future there will be not fewer State Governments in Australia, but more of them; and, properly so. In the United States of America, with a superficies not exceeding that of the Australian continent, there are

dozens of States. More new States are created as the territories reach a certain stage of development. In the Northern Territory of Australia, whose people charge us with misgoverning them—and, perhaps, we do from this centre of government, thousands of miles away—if there were 10,000 white men resident within its borders we could not hope nor expect to withhold from them the right of self-government. That is an evidence, not of disintegration, but of that self-governing spirit and principle which is part of the genius of the British race.

Senator RUSSELL.—But you would not give the Northern Territory greater powers of self-government than the Commonwealth at present possesses?

Senator BAKHAP.—What is your Government doing in the Northern Territory to-day? What is it doing to put a curb upon profiteering? One could put several Germanys into Queensland alone. One could put the whole of the Republic of France, and one-half of the Kingdom of Spain, into New South Wales; and still there would be something over. Will it be seriously urged—admitting, for the sake of argument only, that profiteering exists—that a State in area as huge as the whole of France and one-half of Spain combined, could not successfully deal with the evil of profiteering; that it must refer the matter to the central legislature of the continent? It is absurd. Of course, New South Wales could deal with profiteering. How is little Holland dealing with the evil? How will Switzerland, a republic which is not as extensive as Tasmania, deal with profiteering? Spain, which is territorially less than most of our Australian States, will have to deal with profiteering on its own account. Would a Spanish statesman say that the people of Spain could not deal with profiteers because Spain imported so much from France, and exported so much of its products to neighbouring countries? What would be the use of a Spanish statesman arguing that there must be some reciprocal arrangement between France and Spain before profiteering could be dealt with? The Swiss people are among the best governed in Europe. Would a Swiss statesman say that Switzerland must become a member of some German Zollverein before profiteering could be successfully handled? I have listened to the wiles of legislative

frontiersmen who are always seeking new constitutional realms to conquer. I have listened to legislators, such as Senator Russell, whom I have called an extremist, proving him to be so out of his own mouth—

Senator RUSSELL.—You might quote my words before making such a charge.

Senator BAKHAP.—I ask honorable senators to recall that during a debate concerning the price of cornsacks—initiated, I think, by Senator Ferricks—the Minister (Senator Russell) confessed that his belief in price-fixing had been very substantially modified, because he realized that there were world factors operating in time of war which were entirely beyond the powers of the Government to control.

Senator RUSSELL.—Please do not misrepresent me. What I said was that price-fixing was merely scratching the surface, because when the prices of imported goods were put up here, they were put up in other countries. I want to go deeper, much deeper, than price-fixing.

Senator BAKHAP.—The declared objectives of this Bill are the fixation of prices and the limitation of profits. I have said that my personal association with the Hughesite members of the National party has been of the pleasantest kind. I hope that we shall be coadjutors in regard to many measures for the benefit of the Commonwealth. But upon this contemplated invasion of State rights, this unnecessary enlargement of the powers of the central administration, I say, "On Soracte ridge we part." The Hughesite members may have substantially coloured the economics of the Liberal members of the National party, but they have left mine a white page still. In this matter the territorial factor is one of the most important. Indeed, I cannot sufficiently stress this factor in order that the young people of the Commonwealth, who will, perhaps, have the right to exercise the franchise in connexion with these Bills, may know that the inhabitants of the Dominion of New Zealand, inspired by the great ideal of an Australasian Federation, sent Commissioners here to inquire into the desirability or otherwise of joining the Australian Commonwealth. After a very, very careful examination of the position those Commissioners returned to New

Zealand and told its people that the factor of territorial distance was so considerable and important that they had to recommend them to refrain from entering the Australasian Federation. Consequently, the people of the Dominion of New Zealand have remained outside that Federation to this day, and, in my opinion, they will continue to do so, save in regard to entering into some common arrangement respecting defence. It is all very well for honorable senators to exclaim, "We are only asking the people to trust themselves." That is sheer nonsense. The psychology of the people of the various States of the Commonwealth differs most materially. In one State, for example, we get an overwhelming majority in favour of conscription, in another State we get an overwhelming majority against that principle. In one State the people subscribe their full quota to the Peace loan, in another State, superior, perhaps, in resources of every kind, they make only a limited subscription; their quota is not reached. Consequently, I say that the peoples of these States differ materially from each other, not in racial extraction, but in psychology, which is caused by environment. What has been the experience of the people of Tasmania, a small State, a geographical entity, which is separated from the mainland of Australia? So big is Australia that Ministers do not really know what are the opinions held by the people of the different States. In Tasmania the National Government triumphed at the recent State elections only because of the ineptitude of the Labour party during the war. Had that party acted up to the declaration of the Right Honorable Andrew Fisher, in all probability it would have governed Tasmania for the next ten or fifteen years. But the people of that State regard the Labour party as an unsafe party, so much so that 9,000 or 10,000 Labour electors refrained from going to the poll at the last State elections. That is the asset of the National party in Tasmania—the comparative shortsightedness of their opponents. But does anybody mean to tell me that the people of that State love the National Government—that while they resent the way in which they were treated by the Shipping Board they will accept with open arms proposals which will abso-

lutely whittle away their State sovereignty?

Senator RUSSELL.—I do not know anything about the Shipping Board, but I do remember taking foodstuffs to Tasmania for half freight.

Senator BAKHAP.—What did the representatives of Tasmania have to do here? They had to go cap-in-hand day after day to various gentlemen representing centralized control. As a matter of fact, we could not get our soldiers repatriated. It was only after Tasmanian veterans numbering a battalion, who were encamped in Melbourne, had interviewed us, as their political representatives, that we went as a body to the responsible Minister and secured the breaking of the seamen's strike.

Senator RUSSELL.—You had the chance to repatriate your men, but you would not let them land in Tasmania.

Senator BAKHAP.—By means of State quarantine regulations, we succeeded in keeping influenza out of Tasmania during the dark and dismal days of winter; so that when it finally did make its appearance there, its attacks were apparently innocuous.

Senator RUSSELL.—We did not keep returned soldiers out of Tasmania. The Tasmanian Government did that.

Senator BAKHAP.—The weak handling by the Government of the seamen's strike, through its centralized control, constrained the Tasmanian returned soldiers to interview us, and, as a result, we went to the Minister and put the position before him. Only in that way were we able to secure the repatriation of our men to their island State. The people of Tasmania want to know why those soldiers were landed in Melbourne, when they could have been landed direct in their own State. With this sort of thing fresh in their minds, does anybody mean to tell me that the electors of Tasmania will transfer these powers to any central body, particularly when that body already has too many functions of government? Alongside my speech in *Hansard* there is a debate on the Insurance Bill, in regard to which the Government possess full powers. We hear a lot of talk about the need for a common company law; but where is our uniform Insurance Act? I ask members of the National party which

detrimental monopoly they are seeking to indict? They talk about monopolies. Let them answer. Which monopoly are they going to bring before the High Court? Are honorable senators dumb? We are told that prejudicial monopolies are to be dealt with. But there is nothing in this Bill about detrimental monopolies. Under its provisions the High Court may be called upon to declare whether any business is a monopoly or otherwise. Now whilst a monopoly may exist, it may be a beneficent monopoly. I have asked the Minister whether he can tell us anything about the intentions of the Government in regard to the indicting of baneful monopolies. Which one is to be presented? Is the Metal Exchange, which wants contracts in advance for fifty years, or the Colonial Sugar Refining Company, or the coal mines of New South Wales, to be declared a detrimental monopoly? I would remind honorable senators that there is no qualification in the Bill in regard to the term "monopolies." The High Court is merely to be asked to declare any business a monopoly. But it does not follow that every monopoly is a baneful one in its incidence.

The PRESIDENT (Senator the Hon. T. Givens).—Order! The honorable senator will not be in order in discussing the two Bills for the amendment of the Constitution upon this motion.

Senator BAKHAP.—The Leader of the Opposition spoke of both measures, and I believe it will facilitate discussion if I am allowed to follow his example.

The PRESIDENT. — The honorable senator is perfectly entitled to make a passing reference to the other Bill.

Senator BAKHAP.—I shall not do more than that. It may be said that I am hide-bound, and that I regard our Constitution as sacrosanct. But I remember, as Senator Gardiner, to his credit, remembers, that we are discussing proposals to alter the Constitution just after we have paid our last tribute of respect and friendship to one of the galaxy of great men who erected this national edifice within which we are called upon to legislate for the benefit of the people of the Commonwealth. Nobody appreciated more than I did the generous, exalted, and dignified language in which the character and work of that great man were stressed by the Vice-President of the Executive Council (Senator Russell), as

the representative of the Government, by Senator Gardiner, Senator Keating, and by the Treasurer in his great oration to-day. I do not regard the Constitution as sacrosanct. In our Constitution the principle of regeneration has been carefully embodied by its framers. At the present moment we are setting in motion the machinery which will enable the electors of the Commonwealth to express, in strict accordance with the Federal principle, their desire to amend that Constitution or otherwise. That is a perfectly legal process. I am sorry that these measures have been introduced in connexion with the many issues which will arise at a general election. Although I have always fought against these constitutional alterations, I must confess that they were properly introduced by the Government of the day on the first occasion. They are measures which should be introduced at a time when the minds of the electors are not agitated by other political issues. I always deprecate the introduction of questions involving constitutional amendments at a general election. But there is one aspect in which I think our Constitution stands in need of amendment. We talk about monopolies. What was the greatest monopoly in Australia during the war period? It was the State monopoly in regard to meat in Queensland, and in regard to wheat in New South Wales. South Australia prohibited the export of wheat to Tasmania. She did so in virtue of her rights as a sovereign State. New South Wales acted similarly by asserting her rights as a sovereign State. Queensland prohibited the export of cattle to the southern States, and she, too, acted by virtue of her rights as a sovereign State. Her rights in that regard were exercised in a way which I say, to the sorrow of Federalists, constituted a contravention of the true Federal principle of Free Trade between the States which was contemplated at the time the Constitution was framed. What is there in these Bills to alter that condition of affairs? Is there anything in the way of constitutional amendment which will read like this—

Any prohibition of export by a State Government of any commodity produced within its borders, shall be deemed to be an infringement of the rights of the people of the Commonwealth to trade with each other? Will these Bills alter the conditions under which a State monopoly may be established? Will they affect the State right

of prohibition upon exports? They will not touch it. Indeed, there is a special reservation in one Bill which reads—

This section shall not apply to any industry or business conducted or carried on by the Government of a State or any public authority constituted under a State.

In other words, the very worst monopoly disclosed during the war, the monopoly by a State under which it may deprive the rest of the people of the Commonwealth of commodities produced within its borders, will not be touched in any way.

Senator FERRICKS.—The honorable senator, as a State Righter, should enthuse over that.

Senator BAKHAP.—No. Evidently Senator Ferricks does not recognise any golden mean between Unification and complete decentralization. I do not believe in Unification, nor do I believe in Soviet government, which is the very apotheosis of decentralization. I am a Federalist, and I want all the Federal principles to be observed. I desire that the intention of the people of the Commonwealth, when they established the institution of a central Government for Australia, shall be given effect. They expected perfect Free Trade within the Commonwealth, and they were suddenly met with the fact that a State, being a sovereign power, had the right to prohibit the export of any commodity produced within its borders. That, which is the greatest evil that was disclosed during the war period, and the period immediately antecedent to it, is not dealt with in these measures.

Senator MULCAHY.—That implies the necessity for a Convention.

Senator BAKHAP.—I must inform honorable senators that I believe that the Commonwealth Constitution makes in itself such provision for its alteration and regeneration as to dispense with the necessity for the holding of any constitutional Convention. Why a Convention? We are told here something about a Convention that is to be held; but how is it to be constituted? Is it to be a nominee or an elective Convention? Is it to be elected on the lines upon which each State has representation in this Chamber, a clear demonstration of the equal Federal idea? Will Tasmania have the same number of representatives on the Convention as New South Wales will have? We are given no information in regard to

these matters, and consequently I take no heed whatever when it is said that we are going to have a Convention. Will the Convention be elected by the adult suffrage of the democratic people of Australia? This Parliament is so elected. The only reservation in regard to the Federal principle here, with a full recognition of the sovereign rights of the States in respect to the powers they have reserved to themselves, is that the number of representatives of each sovereign State in this Chamber must be the same.

Senator PRATTEN.—We should have some definite information about the Convention.

Senator BAKHAP.—I agree with the honorable senator.

Senator RUSSELL.—This is not a Bill to create a Convention.

Senator BAKHAP.—It mentions a Convention, and what information have we been vouchsafed about the Convention? Is there a schedule to this Bill describing how the Convention is to be elected, and the lines on which it will be formed? No; there is not. Well, I am not going to sign this blank cheque, so far as my vote in this Chamber is concerned.

Senator PRATTEN.—We are entitled to have something definite about the Convention before we pass this Bill.

Senator BAKHAP.—We are. I wish to illustrate the unsatisfactory nature of Federal control. I believe that if the people of Tasmania were asked once more what sort of Federation they desired, they would certainly vote for a Federal Constitution providing for a national system of defence. They would probably, although not nearly so readily, agree to the transfer to the Federation of Customs and Excise; and they might possibly agree to Federal control of the post and telegraph offices. But I feel certain that if they had the opportunity, at the present moment, they would go no further in any direction. They would recognise the fact that they represent a geographical unit, and that the smallness of its superficies and its proximity to the great mainland States constitute certain disadvantages, and they would insist upon retaining almost complete powers of self-government. The Tasmanian people are not un-Federal; they are very Federal, and very Imperialistic; but I presage the defeat of these proposals in the island State.

I may be wrong. The Tasmanian Government may support them, the National Federation in Tasmania may support them, but that has nothing to do with me. I am not responsible to the National Federation, to the Tasmanian State Government, or to the Nationalist party in meeting assembled. I am responsible to the people who elected and sent me here, believing that I was a true Federalist, and would maintain, in truth and in spirit, Federal principles.

I have alluded to the fact that people have been somewhat disturbed by the unsettled conditions caused by the war, but which do not prevail to any great extent in Australia. Perhaps they are likely, in consequence, to be led away by demagogic declamation in regard to the necessity for the alteration of the Commonwealth Constitution. I shall very much regret it if the people of Australia, who must in future uphold the principle of decentralization, which, as I have said, is inherent in the political genius of the British race, act so foolishly as to cause, so to speak, a negation of their historic development, go back on their tracks, and practically constitute complete Federal control in regard to trade and commerce. The trade and commerce powers of the Commonwealth are as great as, if not greater than, those of the Federation of the United States of America. Has the rigid hide-bound Constitution of the United States of America prevented the development of the American people? Has Canada with a territory greater than that of the United States of America excelled that country in development? Notwithstanding the fact that Canada has the Constitution which Senator Russell impliedly applauded the other day, I say that the arbiter of the fate of nations, and of the fate of mankind, the United States of America, in her Federal authority, does not possess, although she is an independent Power, greater powers in regard to internal government than are possessed by the Commonwealth Parliament of Australia. We know that some years ago the people of Australia refused these powers to the central authority. Has Australia ceased to develop on that account? No! Australia is a rich country at the present time, and is inhabited by comparatively wealthy people, a people who have raised millions of money during the last few years, and whose productive development

was consistently carried on during years of war, as shown by the fact, to which I have already referred, that the deposits in the Victorian State Savings Bank alone exceed by 70 per cent. what they were before the war. That is a fact.

I want to allude once more to the evil of centralized control. It is now nearly a year since the Armistice was signed; it will be a year next month. The state of war practically ended for Australia then. Yet honorable senators are aware that I have put questions in the Senate which have disclosed the fact that investors, company promoters, inventors, scientists, such as university professors, interested in mechanical formulae and devices, have desired to capitalize these things, and to give full play to their initiative and enterprise, and they have had to go cap in hand to a very worthy young man representing the Treasury. I do not desire to say anything derogatory of this young man in regard to his capacity as a Commonwealth civil servant, because he is not here to speak for himself, but after eleven months of Armistice, and because a state of war technically still exists, these people have to ask permission of this young official of the Treasury to formulate a commercial enterprise, and register it under the company law of the State of Victoria. Is that conducive to commercial development? Honorable senators should see the number of letters I have received protesting against this state of things. The granting of the powers proposed by this measure will practically perpetuate a condition of things which by most of the enterprising men of Australia is deemed so undesirable.

I know that honorable senators will say, "Look at France and what France is doing in regard to profiteering and price-fixing." I have read in French publications quite recently statements in regard to the progressive increase of prices in France during the war. I have read that coal, when it could be bought, went up to six and seven times its previous price, and the writer of an article in the *Revue des Deux Mondes* pointed out that the very paper on which the article was printed had appreciated between 400 and 500 per cent. in price. But these things were natural as a result of the war, because of a lack of shipping, because the coal districts of France were in possession of the enemy, and France had to depend for coal upon foreign

countries. When honorable senators talk of France to me let me tell them—because I am not going to recapitulate by reading extracts from my old speech, containing selections from the best French writers on economics—that France very nearly ruined herself by price-fixing once before in her history, and may possibly do so again.

In the Commonwealth of Australia there are so many resources to develop that all the energy and enterprise of our people should be stimulated to the utmost. How are we to stimulate them? By holding out to our people the prospect of big rewards, of profits and not of losses. The term "profiteer" has become synonymous with commercial brigand. You have only to misuse a phrase often enough to make some impression on the minds of impressionable people. I say that the Commonwealth exists for profit and not for loss to its citizens. It exists to promote Australian development. But if we are going to permit the gentleman at the head of affairs, Mr. William Morris Hughes, to get control of these powers, which in time of peace are said to be necessary for the fixation of prices, I feel sure—because he has already gone so far so to speak, as to dope the Parliament of which he is the head—that he will use them in a manner which will be detrimental to and destructive of the energy of the people of Australia. The people need to be stimulated by prospects of success and great earnings in every channel of national life.

I am going to say something in order to protect myself against being charged as a little Australian, as an anti-nationalist, as one who does not believe in the development of the Australian people, and as one who is assisting the advent of Bolshevism. We are told that any man who objects to these powers is assisting the advent of Bolshevism by adding to the industrial ferment which exists in the community. I will take my chance, and I am sure the majority of the sensible people of the nation will take theirs too. What was Mr. William Morris Hughes some years ago? I say this with all respect for his great abilities to which I still give praise? He never was a friend of the Commonwealth Constitution. I shall be called an anti-Australian, a little Australian, and will be denounced as being afraid to give the people the powers which are their own, and which

Senator Bakhap.

are only being withheld from them by the constitutional provisions made and enacted, with the consent of the Australian people, led by the great men, of whom the late Mr. Alfred Deakin was one, I shall be told that I am a little Australian, but what about this gentleman, Mr. William Morris Hughes, who, when the Commonwealth Bill was before the electors of New South Wales, urged them to reject it. He was hostile to the main principles embodied in the Constitution which these measures are introduced to destroy. When I was advocating Nationalism he was advocating the rejection of a Constitution which enabled him, aided by his own great ability and force of character, to be raised from the dust to the position he occupies to-day. Many others, too, who are supporting these proposals, and who are proclaiming themselves great Australians, were hindering the advent of Nationalism by opposing the acceptance of an instrument under which the Australian people are enjoying some measure of satisfactory national development.

I do not intend to delay the discussion to any degree. Of course, I shall be told that I am a Tory. Senator Gardiner has said that I am a sort of hard-shelled Tory, and even a crusty old Conservative. There are very few men who are so democratic, enthusiastic, and progressive in regard to the ideals of Nationalism as I am. I shall be told that I believe in profits of 100 per cent. and 200 per cent., and that I do not care if the poor are without boots, or the children of widows without bread. I reject the imputation. That is not the policy of the party to which I belong.

Senator NEEDHAM.—Which party?

Senator BAKHAP.—The old Liberal party. Is not that the party that, all through British history, has boasted that it has always heard the sobbing of the weak? I will do all I can for the weak. I am sufficiently humanitarian to believe that humanitarian principles should be embodied in our legislation; but I will not, for the sake of the weak, fetter the strong. The strong, able, successfully-organized commercial men are those whom we must consider in developing Australian resources.

Senator NEEDHAM.—And hang the weak!

Senator BAKHAP.—We will provide for the weak out of the superfluity of national wealth created by the unfettered exercise of the energies of the strong.

Senator NEEDHAM.—At the expense of the weak.

Senator BAKHAP.—It is the duty of every one to tell the electors of this Democracy the truth, and to say that there are in every community individuals who—to use a colloquialism—are not worth their salt. What can we do for them? Can we give all these people motor cars? We are told that some are weak. They are weak in looking after themselves, in conserving their own rights, and in regard to thrift.

Senator NEEDHAM.—They need bread, and not motor cars.

Senator BAKHAP.—We will give them bread; but not by paralyzing the energies of the strong people of the community, or by checking the flow of revenue which enables us to give them bread. In all legislation there must be fair consideration of the rights of the weak. The weak have rights, but the strong also have their rights. A nation is always judged by its best. It is judged by its strong and by its most successful men. How are we judged? By the strength of the men who went to the war—by strong men. We were not judged by those who remained behind, but by the men who shed their blood on foreign fields and fought for the liberty of mankind. We are not judged by those who remained at home, and who are opposed to the ideals of Nationalism and of Empire.

*Extension of time granted, on motion by Senator Pratten.*

Senator BAKHAP.—I thank honorable senators for the consideration they have again shown me in this regard. I do not suppose there will be many speeches in opposition to this proposal, as the organization of parties and Parliaments happens to be so peculiar that the passage of this measure by Parliament, and perhaps its rejection by the people, is a foregone conclusion. Very few speeches will be made in opposition to the proposed amendment of the Constitution; but, because of my conception of what is my duty to the electors of Tasmania who sent me here, I have addressed the Senate at greater length

than I intended. Sufficient time has not expired for us to radically remodel our Constitution. We should be permitted to develop our national resources, so far as the central Government is concerned, in true conformity with the Federal spirit. This building in which we are deliberating was designed by a great architect; it is a thing of beauty and a mark of architectural glory in this city. To remove some of the central arches from the Queen's Hall would undoubtedly endanger the whole structure. I suppose the stresses have been so carefully calculated and apportioned that it would require the removal of very little indeed to destroy this remarkably fine edifice. If we removed the central supports it would crumble in ruins. The Federal system of government is one that must be evenly balanced. I am sorry that centralization in regard to executive control and legislative powers is necessarily of some importance; but I believe, after several years' experience in the Federal Parliament, that there are few legislative functions which can satisfactorily be intrusted to the Legislature of an entire continent. Distances are factors.

I would like to deal briefly with the attitude of the journalistic profession right through the Commonwealth. It frequently happens that journalists depurate politicians. They assume that we belong to some peculiar tribe of human beings, and are a race apart, and that when once a man becomes a politician he deteriorates. There have been one or two journalists who have attained the position of Premier of an Australian State, and I do not think the most recent recruit from journalistic ranks to be vested with the honour of Premier reflects any glory on the journalistic profession. It seems an incongruity that the journalists of Australia, who certainly do not hold the Federal Parliament up to the public admiration, should to such a very large extent be in favour of conferring further powers upon the Federal Government. They look upon the Commonwealth Parliament as being inept and singularly ineffective for doing good work. In spite of this they support a movement for conferring unlimited powers on the Commonwealth. If any British community, which is always highly commercial, alienates control in regard to internal commercial powers, it abrogates its State sovereignty. If the Commonwealth

Parliament has signally failed, where is the logic in conferring further powers on it, and, under the present Constitution, it has quite a number of matters with which it can deal without seeking further concessions from the States? What is one of the most important matters to which this Parliament should address itself? Diplomatically it can improve the Australian national relations with the United States of America, and render them more satisfactory. It can prevent the bureaucratic control of the Commonwealth Civil Service. I must confess that the Commonwealth and State Public Services are now almost out of the ambit of parliamentary control. We know very little of what is going on within those Services. We know very little about the items of expenditure, as they are brought on at the end of the session. Before we further encroach on the powers of the States we should address ourselves to the setting our own financial house in order. We should introduce a system of economy, modify the growing bureaucratic system, and bring the Service under the direct supervision of this Parliament. That addition would make our labours almost Herculean. I deem it my duty, as a senator of the State of Tasmania, to vote against this measure, and to prevent its passage through this Chamber by every legitimate means. It is my intention, during the coming election campaign, to protest against a referendum being taken at the same time as a general election is held. I intend to use every means in my power to recommend the people of Tasmania in particular, and the people of Australia in general, to emphatically reject the proposals embodied in this Bill.

**Senator NEEDHAM** (Western Australia) [5.32].—I have listened with a great deal of interest and pleasure to the speech delivered by Senator Bakhap. If there is one part of it that appeals to me more than another, it is that wherein he referred to the undesirableness of taking a referendum at the time of a general election.

**Senator THOMAS.**—The Labour party did it.

**Senator NEEDHAM.**—Yes; but I was not altogether a keen supporter of that policy. If we made an error, there is no occasion to repeat it. When a general

election is being held, the people have to decide who shall be the governing party; and that matter, and that alone, should be the subject for the electors to determine. We are to have a general election, I presume, before the end of this year, although we have not been officially so informed. The very fact that these Bills are being rushed through this Parliament is an indication that, before 1920, the people of the Commonwealth will be called upon to determine who shall be the members of this Parliament to guide the destinies of the country for another three years. On the admission of the Minister in charge of the Bill, its aim is to put down profiteering.

**Senator RUSSELL.**—I did not say it was limited to that.

**Senator NEEDHAM.**—I was present when Senator Gardiner asked the Minister a direct question—Was it intended to put down profiteering? And the Minister replied, “Yes.”

**Senator RUSSELL.**—But I added, “and other things.”

**Senator NEEDHAM.**—We will come to the “other things.” Am I correct in assuming that the main object of the Bill is to put down profiteering?

**Senator RUSSELL.**—The principal object, Yes.

**Senator NEEDHAM.**—If I thought it would achieve that object I would take part in this discussion with much more enthusiasm than I do now; but I fail to see how, as at present framed, the Bill is going to achieve its main object.

**Senator RUSSELL.**—The Bill itself will not achieve anything, but it will furnish the people with an opportunity to give the Government power to deal with profiteering.

**Senator NEEDHAM.**—But the power proposed to be given is very limited. The Bill teems with limitations.

**The PRESIDENT (Senator the Hon. T. Givens).**—Order! From time to time during the course of the debate honorable senators have been annoyed and interrupted by conversations in the press gallery. I now intimate that if this continues I shall order that the press gallery be cleared altogether.

**Senator NEEDHAM.**—The Bill, as I have said, teems with limitations. In the first place, according to clause 6, a Convention is to be convened, and if this is not done the operation of the measure will cease at the end of 1920. Very good.

Let us imagine that the Convention will be called. Will the Minister say how it will be convened? Therein, to my mind, lies an important factor. The Constitution that we are now called upon to amend, or rather to ask the people by referendum to amend, will, we are told, be considered by a Convention, which should not be nominated by the Government or a party, but should be elected by the people of Australia.

Senator RUSSELL.—I am in favour of that. The present Government may not have the right to determine how this Convention shall be formed. There may be in power a Government from the honorable senator's side.

Senator NEEDHAM.—I am not concerned as to what Government may be in power after the next general election.

Senator RUSSELL.—Would it not be presumptuous for me to say what I would do in this matter after the next election? I may not be here then.

Senator NEEDHAM.—I am not asking the Minister to be presumptuous, but I say that the Government, in drafting this measure, should have indicated how and when the Convention was to be convened. Let us be honest with each other and with the electors. My interpretation of clause 6 is that there is not the slightest intention on the part of the Government to convene a Convention, and that, therefore, we are being asked to grant powers that will expire at the end of 1920. Let us examine the situation a little more closely. What time will this or any other Government have to deal with the profiteer who is undoubtedly at large? I presume the general elections will take place on the 13th December next, and that Supply will have been granted by this Parliament to carry on the ordinary services of government until May or June next. The new Parliament will not re-assemble probably until May or June of next year, so that there will only be about seven months within which to deal with the profiteer. Let us imagine also that the Convention is convened. It will take that body some time to determine the nature of any additional amendments necessary to deal with profiteering if the powers sought in this Bill are not sufficient. That being so, I can only describe the Bill as a political placard, designed to throw dust in the eyes of the people when this Government, which was elected in 1917 on what

was known as the win-the-war cry, seeks a renewal of their confidence.

Senator REID.—Did we not win the war?

Senator NEEDHAM.—You did not. The war was won by reason of the fact that the machinery and equipment which enabled our men to put up such a glorious fight was provided before the honorable senator's party came into power, and the honorable senator, in his saner days, helped in that important work. We are still, as Senator Bakhap has said, technically in a state of war. The War Precautions Act is still on our statute-book. It has been there since 1915, and many awful things have been done under its authority. It is true that I voted for it; but I repeat that never again will I vote for a measure to give power to men who may use it as the present Government have used the War Precautions Act. It was used chiefly for the suppression of free speech and the imprisonment of men and women who ventured to express an opinion divergent from those of the gentlemen known as the Win-the-war party and the Win-the-war Government. The eleventh of next month will be the anniversary of the signing of the armistice, when the war practically came to an end. What is the first thing that this Government did after the armistice was signed? They removed the price-fixing regulations. Whatever check there had been upon the exploiters, soolers, and conscription advocates, who said to the young men of this country, "Go to the war; if you do not go we will send you there," and who battened on the wives and children of soldiers by raising the price of commodities, was at once removed by the repeal of the price-fixing regulations. Freedom of speech, however, was still denied the people. The powers mentioned in this Bill have been vested in the Government under the War Precautions Act for the past three years, but they have not been put into operation. But, on the eve of a general election, and when, from one end of this continent to the other, there is a cry against the profiteer, the Government, as a sort of death-bed repentance, and because they are *in articulo mortis*, declare that by means of this Bill they intend to kill the profiteer! I am not prepared to admit that the Bill will effect

this purpose. It may be said that, in 1911 or 1912, I voted for Bills to amend the Constitution on lines similar to the present proposal, and that if I cannot get the whole loaf I should accept half a loaf of bread. This Bill is not even a crumb in comparison with the loaf offered to the people of Australia by Labour in 1911 and 1913. There is another phase of the matter which I might refer to. A similar measure, in 1912, included the railway workers of Australia. This Bill cuts out the railway employees. Clause 2 states—

Section 51 of the Constitution is altered by adding at the end of paragraph (i) the words. . . . "Provided that the alteration of this paragraph by *Constitution Alteration (Legislative Powers) 1919* shall not be construed to empower the Parliament to make laws with respect to the control or management of railways the property of a State, or the rates or fares on such railways."

The individual responsible for the introduction of this measure—the Prime Minister (Mr. Hughes)—held entirely different opinions in 1912. I will quote a speech which he made in November of that year, when moving the second reading of the Constitution Alteration (Railway Disputes) Bill; and I could scarcely present a more striking illustration of the difference between the Attorney-General of those days and the Prime Minister of to-day—

This is a Bill to amend the Constitution to enable the Parliament to make laws concerning conciliation and arbitration for the prevention and settlement of industrial disputes in relation to employment in the railway services of the States. It is to be noticed that this proposal differs very materially from that which was before the House in 1910. Under the proposal of 1910 it was sought to give this Parliament power to make laws in regard to labour and employment, including labour and employment and the prevention and settlement of disputes on railways the property of a State. The present proposal is limited to the creation of Courts of Conciliation and Arbitration for the prevention and settlement of disputes in the railway service of a State, and is in harmony with that provision inserted in the Conciliation and Arbitration Act of 1904. It will be remembered that in 1904 the honorable member for Ballarat (Mr. Deakin), who was leading the Government, resigned office rather than agree to an amendment to include railway servants within the operation of the Conciliation and Arbitration Bill.

Mr. DEAKIN.—That was in relation to Inter-State disputes.

Mr. HUGHES.—Quite so. Effect, however, was given to that amendment by the honorable and learned member who then represented East Sydney (Sir George Reid). It became

part and parcel of the Conciliation and Arbitration Act, and did very well for some time, but its subsequent career was rather chequered, and it finally was declared *ultra vires* by the High Court. I hope, however, that although it fared so badly, those honorable members who in its hour of travail in this House were its stalwart friends will not now desert it. Lest either they should have forgotten this, one of their many good deeds, or the country should lack matter to inscribe on tablets of brass to be erected in this building, when all who are here have gone, I shall read the names of these gentlemen to the House. I find that the honorable member for Parramatta (Mr. Cook) and the honorable member for Perth (Mr. Fowler) voted for this amendment, as well as a number of others who have ceased to be members of this Parliament. That, in itself, is a very sinister circumstance. I hope that this will not be regarded in the light of an obituary notice, but it certainly has that appearance to me. The honorable member for Illawarra (Mr. Fuller) was another who voted for the amendment. All the other honorable members—and there were many—who were colleagues and friends of those honorable gentlemen, for some reason or other, are unable to be present in the House this evening. Death is not responsible for the absence of any but one; there must be some other reason for their absence. The fact remains that the whole of that section of the party now represented in this Chamber by the honorable member for Parramatta and the honorable member for Illawarra voted with great earnestness, and even enthusiasm, for this proposal. It is said that it was then a comparatively innocuous proposition in that it extended only to Inter-State disputes. If I am to understand that that is the only objection to it, I think it fair to give the House an opportunity to consider the position. When we are so nearly agreed in the matter as to require the insertion of only one word to enable us to agree, such a little thing as that ought not to keep us apart. I suggest, therefore, with all deference to the honorable member for Parramatta, who finds himself now in the greatest possible difficulty, since he has no one save the honorable member for Illawarra to consult in regard to his past efforts, that he should agree to this proposal. The rest of his party who voted with him on the occasion to which I have referred are gone, and those with whom he is surrounded now were, on that occasion, his opponents.

I ask the House to accept this Bill for the reason that, as the honorable member for Ballarat has told us very many times, we in this Parliament are charged with the duty of endeavouring to promote in every possible way industrial peace in Australia. One of the most effective ways of doing that is to secure power to deal with disputes in the railway service of a State if unhappily there should arise on any occasion such a dispute as might involve the whole Commonwealth in its meshes. The industrial power of the Commonwealth ought to extend to all industrial disputes wherever they arise; it was the settled and deliberately expressed wish of this Parliament, in 1904-5-6, that it should be so extended. The mere fact

Senator Needham.

that the High Court has decided that we had not the constitutional power to deal with the matter should surely not be a bar to our asking for that power. We put this proposal before the House, and ask honorable members to assent to it. It is a strictly limited power. It gives us no authority over State railways, but merely power to create Courts of Conciliation and Arbitration in which all great industrial disputes may be heard and settled. I shall not detain honorable members any longer in dealing with this matter. I have set forth my views on this and the measure with which I have last dealt at considerable length in connexion with the other Bills. I only trust that in my exposition of them they have not suffered. I ask the House to come to the consideration of these proposals with the assurance that it is my clear conviction that they are absolutely necessary to meet the existing situation. In no sense of the word do they impair the spirit of our Federal Constitution, nor do they violate the terms of the compact. And they are imperatively necessary to enable this Parliament to do that for which it was created.

Those are the words of Mr. Hughes, whose chief colleague to-day is Sir Joseph Cook, the honorable member for Parramatta, concerning whom Mr. Hughes then had such pointed comments to offer. Those are the words of one who now purposely excludes from this Bill the railway employees of Australia.

We have listened to-day to a very fine speech by Senator Bakhap, who was quite candid in his opinions. I read in yesterday evening's press, and again in the newspapers this morning another very candid expression of opinion—this time by the Minister (Senator Russell). He admitted—if he is correctly reported—that as regards the exclusion of the railway employees of Australia from the provisions of this Bill, it was not a question of principle, but a matter of expediency. He said he believed in the principle that the railway men should be included, but that it would be dangerous to include them. Senator Russell is further reported to have remarked that "they" could put up a magnificent fight with the railway men included, but that they would perhaps be defeated. He believed in the principle, but, as a matter of expediency, the railway men had been excluded.

Senator RUSSELL.—There were other considerations as well as those dealing with the railway men. My remarks did not apply to them specifically.

Senator NEEDHAM.—I desire to congratulate the Minister upon his candour. He has honestly expressed his opinion. I

class this Bill as a mere expedient. Senator Mulcahy, during the course of the present debate, referred, when Senator Gardiner was speaking, to our taking orders from our masters outside. I notice that certain amendments, which are to be submitted by Senator Russell, are the outcome of instructions from the Government's masters outside. The National party, consisting of the followers of Mr. Hughes and of Sir Joseph Cook, meet in Caucus just as regularly as we do. These Bills came before the National Caucus.

Senator FAIRBAIRN.—We did not see them before you did.

Senator NEEDHAM.—But the honorable senator and his associates in the National Caucus were aware of the lines on which this and a similar measure would be drafted. We are informed by the press that a legal committee consisting of three gentlemen was formed for the purpose of assisting the Government in drafting these Bills. The measure which is now before us was rushed through one branch of the Legislature with indecent haste. It was simply bludgeoned through that Chamber, and a similar attempt to rush it through will be made here. Between the time when it left the House of Representatives and its appearance in the Senate, the legal Caucus to which I have alluded has suggested the need for certain amendments being made in it. These amendments are not those of the Government or of the so-called National party. One of them is to leave out paragraph *a* of clause 3, which relates to corporations. We are told quite candidly and seriously by the Vice-President of the Executive Council, and by the Government of which he is a member, that this Bill is intended to deal with profiteering, although the legal Caucus has cut out the very pith of it—the portion under which profiteers could be dealt with in an effective way. I recollect that in the big campaign of 1911, when the Fisher Government submitted to the electors proposals for the alteration of the Constitution, the regulation and control of corporations was one of the big items in their programme. We realized then, as I realize now, that corporations are at the very bottom of this profiteering business. Yet the legal masters of my honorable friends opposite now come forward

and say to them that the Bill must be amended by omitting the provisions relating to corporations.

Senator GUTHRIE.—Who are our masters?

Senator NEEDHAM.—The legal gentlemen to whom I have referred. The honorable senator's masters are outside this Parliament. They are the profiteers of the Commonwealth, the men who financed the Win-the-war Government at the last election, and who put up the money required by them. Is it likely that this Government, and its followers, who were sent back to power through the agency of the profiteers, are going to cut off the base of their supplies? They dare not. The profiteers are their masters, and from them they must take their instructions.

Senator GUTHRIE.—Nobody ever put up a penny for me.

Senator NEEDHAM.—I am speaking of the National Win-the-war party.

Senator GUTHRIE.—Nobody ever put up a penny for me. I paid my own expenses.

Senator FERRICKS.—Who paid for all the Critchley-Parker literature?

Senator KEATING.—I did not.

Senator GUTHRIE.—I paid my own expenses, and I went into every State in Australia. The honorable senator has made a most reckless statement.

Senator NEEDHAM.—I made the statement that the profiteers financed the Win-the-war party at the 1917 elections.

Senator DE LARGIE.—I rise to a point of order. Senator Needham has charged the National party with having been financed by profiteers during the 1917 elections. I submit that that is a most objectionable statement, and one which should be withdrawn.

Senator GARDINER.—What Senator Needham has stated is a well-known fact. I understood him to say that the Win-the-war party had been financed at the 1917 elections. You, sir, cannot prevent an honorable senator from saying what is true.

The PRESIDENT (Senator the Hon. T. Givens).—The point which I have to decide is not whether Senator Needham's statement is true, but whether it is in order. He is entitled to criticise people outside this Parliament. But he is not permitted to say anything which is objectionable either to the members of this

Senate or to the other branch of the Legislature. I understood him to say that certain men outside this Parliament had put up funds for party purposes. Whether they did so or not has nothing to do with the case. I rule that the honorable senator is quite in order, inasmuch as his statement does not come within the scope of our Standing Orders relating to offensive remarks.

Senator NEEDHAM.—I thank you.

Senator GUTHRIE.—Who financed the honorable senator?

Senator NEEDHAM.—My comrades in the Labour movement, who at one time financed Senator Guthrie.

Senator REID.—The licensed victuallers support the honorable senator's party in Queensland. That is where it gets its money.

Senator NEEDHAM.—I do not know whether that statement is true.

Senator REID.—I know that it is true, and I can prove it to the hilt.

Senator NEEDHAM.—I have nothing further to add to my criticism of this Bill.

Senator FERRICKS (Queensland) [6.12].—As one who believes wholeheartedly in the need for enlarging the powers of the central Government, I regret that I cannot find even a ray of satisfaction in the Bill which is now under discussion. I am one of those who hold that the central Government should have powers conferred upon them, even far beyond those which were sought at the previous referendum. I differ from those who have expressed the opinion that a system of unification means centralization, and is the very opposite of a system of decentralization. Why, the very effect of unification and its natural corollary, decentralization, must be apparent to those who make that statement if they indulge in only a moment's reflection. The logical sequence to a unitary system is the decentralizing of powers, and the giving to the people of such provinces as the Northern Territory, to which reference has been made, government over their own domestic affairs. Holding these views, I cannot find any cause for satisfaction in the Bill which is now before us. It has been stated by the Prime Minister, through the columns of the press, and his statement has been repeated by the Vice-President of the Executive Council, to-day,

that the purpose of the measure is to enable the Government to deal with profiteers. Upon the very face of things, does it not appear to the Minister, and to those who are going to pretend to be enthusiastic over the passage of this Bill, that, if it be a good thing to cope with profiteering, legislation in regard to that evil should not be limited to a period of three years? If profiteering is worth being controlled now, surely it is worth being controlled for all time. I advance this argument in rebuttal of the contention of my honorable friends opposite, who honestly believe that it is intended to cope with profiteering under the powers to be conferred upon this Parliament through the instrumentality of a referendum. Does it not verge on the hypocritical to say that it is necessary to deal with profiteering, and that the Government intend to deal with it, but that they are going to limit their operations to a term of three years?

Senator REID.—Profiteering is merely a passing phase of industry.

Senator FERRICKS.—It is a recurring evil. The proposal for the limitation of the powers contained in this Bill is indefensible, assuming that there is any sincerity in the contention that profiteering is to be dealt with. But there is no sincerity in that contention, and consequently I regard the Bill and the procedure which is to be followed on this occasion with very great regret, and without a ray of satisfaction. We must admit that it is necessary, as it has been for some considerable time, to materially enlarge the powers of the Commonwealth Parliament. Of those who talk about infringing the rights conferred by the Constitution, which was framed by the ablest intellects of the time, I ask, "Is it not reasonable to draw attention to the fact that more than twenty years have elapsed since that charter of government was drawn up?" Since then, conditions have changed, and they will continue to change. The people of twenty-three years ago could know nothing, except in a prophetic way, of the abnormal conditions which have operated during the war period, and which will continue to operate until the position is determinedly grappled with. When it is argued that it is necessary to alter our Constitution to enable the Government to effectively cope with profiteering, my reply is that,

during the past four years, they have had unlimited power to restrain the profiteer, and to nullify his depredations.

Senator GUTHRIE.—And to abolish all race-courses.

Senator FERRICKS.—I would be one of the most unconcerned men in the community if all race-courses were abolished to-morrow. It is claimed by the Government that it is necessary to clothe this Parliament with larger powers to enable it to cope with the evil of profiteering. I repeat, and no one here can deny it, that during the last four years the Government have had unlimited power to cope with profiteering.

Senator GUTHRIE.—And they did it.

Senator FERRICKS.—What did they do when they had unlimited power, especially during the past two years? I quoted here the other night a statement as to the result of a genuine attempt made by the Queensland Government to cope with profiteering. That Government succeeded, and their success continued until the 20th July, 1917, when all the power of regulation of prices by a State authority was taken out of their hands by a regulation issued under the War Precautions Act. The beneficial results which had been secured up to that time continued to operate against the profiteer until November, 1917.

Senator REID.—Prices did not increase in the same ratio, because supplies improved, and not because the Queensland Government prevented it by fixing prices.

Senator FERRICKS.—We were told the other night by one of the Ministers that when the Commonwealth Government took over the power to control price-fixing, they accepted the prices so far fixed by State authorities. So that the results of the successful policy carried out by the Queensland Government continued, even after the power to fix prices was taken out of their hands.

Senator REID.—Because supplies improved.

Senator FERRICKS.—When the Hughes Government, as distinguished from the Labour Government, came into power; and from that time onwards every column of *Knibbs' publications* will show what has been the result.

Senator REID.—Because supplies were then getting scarce, and the submarines had not been dealt with.

Senator FERRICKS.—Senator Reid admits that prices were kept down whilst

the Queensland Labour Government had power to fix prices, and that is sufficient for me.

Senator REID.—I do not admit that.

Senator FERRICKS.—The honorable senator can give his own reasons why prices were kept down, so long as he admits that during the time to which I refer that was the state of affairs.

Senator REID.—I say that improved supplies kept prices down.

Senator GUTHRIE.—What did the honorable senator do to keep the submarines down?

Senator FERRICKS.—More than Senator Guthrie did.

Senator GUTHRIE.—The honorable senator did nothing of the sort.

The PRESIDENT (Senator the Hon. T. Givens).—Order! These interjections are disorderly.

Senator FERRICKS.—I claim that whilst a Labour Government had control of affairs before the split in the Labour party, prices were kept down. I challenge refutation by any honorable senator of the statement which I made the other night.

Senator SENIOR.—It is easily refuted.

Senator FERRICKS.—I quoted *Knibbs* for my statement, and it has not been refuted. Prior to making that statement, I wrote to a member of the Legislative Assembly of Queensland, asking him to secure for me some particulars regarding price-fixing during the period in which the Labour Government of Queensland had the power to fix prices, and after that power had been taken away from them. As the reply was somewhat delayed, I went to Mr. Knibbs, of my own volition, and made out my own case without any assistance from any one else. On that, I put my statement into *Hansard*, where it remains unchallenged; and I was extremely gratified, a day or two after I spoke, to get from my Queensland friend figures confirming all that I had stated upon information from a very different source.

Senator SENIOR.—I will not admit the correctness of the honorable senator's conclusions.

Senator FERRICKS.—I gave honorable senators the facts. Does Senator Senior doubt the information I supplied?

Senator SENIOR.—No; but I doubt that the facts were due to the causes you named.

Senator FERRICKS.—The Queensland elections took place on 22nd May, 1915, and not in March of that year, as Senators Foll and Crawford have said.

The PRESIDENT.—The honorable senator is entitled to make only a passing reference to previous debates.

Senator FERRICKS.—The elections took place on 22nd May, 1915, and the Queensland Parliament met on 13th July of that year. I want to point out the indisputable fact that the Queensland Labour Government, on their return to power in 1915, or immediately thereafter, and before the meeting of the Queensland Parliament, set in motion the machinery necessary to control prices. It was contended that there was delay in Queensland in the fixing of prices, but the State Parliament met on 13th July, 1915, and the appointment of Mr. Somner to the Southern Division as a Board of control was made on 17th June, 1915, before the meeting of Parliament. He was appointed to the Northern Division in his exercise of supervision on 31st July, 1915, and his supervision was extended to the Central Division of Queensland on 10th September, 1915. From these facts it will be observed that the Queensland Labour Government, as soon as they were returned to power, and before the meeting of the State Parliament, entered upon measures to prevent the exploitation of the profiteer. They were able to do so, because the State Parliament had passed legislation under which they could act. That legislation was embodied in the Control of Trade Act of 1914, which was passed by their predecessors in office, the Denham Liberal Government. The war broke out in July, 1914, and Mr. Knibbs always bases his tables of comparative prices on the rates prevailing prior to that date and during the war. Yet up to June, 1915, the Liberal Government in Queensland, although they had passed legislation upon which they might have acted, did not dare to cope with the profiteer.

Senator REID.—No one knew where they were for the first six or nine months.

Senator FERRICKS.—I challenge the honorable senator to refute my contention that during the period from July, 1914, to June, 1915, the increase in prices in Queensland was 35.2 per cent.

Senator REID.—There was an increase in prices all over Australia.

Senator FERRICKS. — But no attempt was made to cope with the evil until the Labour Government in Queensland took the matter in hand.

*Sitting suspended from 6.30 to 8 p.m.*

Senator FERRICKS.—In connexion with the lack of interference which the Queensland profiteers enjoyed under a Liberal Administration, from July, 1914, to June, 1915, I have proved from *Knibbs* that the increase in the cost of living was 35 per cent. up to September of that year, when the Labour party commenced to cope with this menace. The Labour Government appointed a supervisor to deal with the whole of Queensland. The increase up to 15th September was 35.2. After that period, the Queensland Labour Government took action. From January to June, 1916, the Government actually decreased the cost of living by 9 per cent., when control was taken out of their hands on the 20th July. It is interesting to review the position which then existed. According to *Knibbs*, the cost of living in Queensland was then cheaper than in any other State in the Commonwealth—

Senator REID.—It is the dearest State now.

Senator FERRICKS.—Because the Government of which the honorable senator is a supporter has allowed the profiteer too much freedom. When the Commonwealth Government took the control out of the hands of the Queensland Government, according to *Knibbs*—Bulletin 69, of September, 1917—the weighted averages were: Queensland, 1422; Victoria, 1482; New South Wales, 1524; Tasmania, 1547; South Australia, 1593; Western Australia, 1682. Those figures were for June, 1916. The position in July, 1916, when the Commonwealth Government took control, was that Queensland enjoyed pride of place, as the following weighted averages will show:—Queensland, 1393; Victoria, 1481; Tasmania, 1535; New South Wales, 1538; South Australia, 1556; Western Australia, 1675. The average for the Commonwealth in June, 1916, was 1519; and Queensland, according to *Knibbs*, was considerably under, or 1422. In July, the average for the Commonwealth was 1516; and Queensland was well under the average with 1393. That was continued practically up to the time when the Fed-

eral Labour Government went out of office. The beneficial effects of price-fixing in Queensland up to November, 1916, when the Hughes Government came into power, will be apparent. It is interesting to view the position which then existed in regard to the cheapest and dearest States in the Commonwealth. In November, 1916, when the Hughes Government took office, after severing connexion with the Labour party, the weighted averages were: Queensland, 1364; Victoria, 1415; Tasmania, 1465; South Australia, 1498; New South Wales, 1504; Western Australia, 1591. The average for the Commonwealth was 1465, and that of Queensland 1364, which was well under the average. Those figures are taken from *Knibbs*, July-September, 1916, Bulletin, page 238.

The PRESIDENT (Senator the Hon. T. Givens).—The honorable senator has discussed this matter at some length on previous occasions, and I must ask him to keep to the provisions of the measure now under consideration. If I allow him to be discursive, other honorable senators must be given a similar privilege. He is entitled to deal with the general principles embodied in the Bill, and to use the cost of living as an illustration; but he is not entitled to make a set speech on that subject.

Senator FERRICKS.—I am endeavouring to show the insincerity of the Government when they suggest that the Bill is to give them power to deal with profiteering. I am showing that the Government have failed to exercise the powers they have enjoyed during the past two years.

The PRESIDENT.—The question before the Senate is that the Bill be read a second time.

Senator FERRICKS.—I do not think it should be read a second time, because the Government are insincere in their proposals. I am endeavouring to prove that the Government have had unlimited power during the past two years, and have not taken any steps to prevent profiteering. I have shown that during the period since the Coalition Government have been in control of price-fixing, the cost of living in Queensland has increased. Under the War Precautions Act, the Government had unlimited powers, which they did not exercise; and it is insincere to say now that they need these

powers to deal with profiteering? I am dealing with the two years from the time the Coalition Government came into office to June, 1919, during which period there was an increase in the cost of living in Queensland of 22.4 per cent., making it nearly 60 per cent. altogether. The prices were low whilst the Labour Government was in power, but this is attributed by some honorable senators to supply and demand. Still it is a remarkable coincidence that prices were lower whilst the representatives of Labour were in office.

Senator REID.—Prices are high in spite of Mr. Ryan's butchering establishments and fish depôts. Queensland is still the highest of all the States.

Senator FERRICKS.—Fish and meat can be purchased at a lower rate in Queensland than anywhere else.

The PRESIDENT.—I ask Senator Reid not to interject. I have to remind Senator Ferricks that he is not in order in dealing extensively with the cost of living on the second reading of this Bill.

Senator FERRICKS.—I shall not continue, but I would like to inform Senator Reid that cleaned mullet can be purchased in Queensland at 5d. per lb.

Senator REID.—As a result of State interference the price of fish has been doubled.

Senator FERRICKS.—The Constitution provides procedure for its amendment, but the Government are going about the business in an unconstitutional manner. If it is necessary to amend the Constitution—and the Government say that it is—why do they not adopt the constitutional method? The proper procedure is to amend the Constitution on a vote of the people, and if an amendment is favoured it should not be for a stipulated period. The fact that the Government are acting in this manner proves their insincerity. Their action will be typical of their actions in the past.

Senator REID.—You vote for the powers and see how it works out.

Senator FERRICKS.—I have no faith in the promise of the Government to do anything after having reviewed their inactivity during the past two years. According to the Bill a Convention must be appointed within one year to either enlarge or reconstruct the Constitution. Will that Convention be appointed on the vote of the people? That phase of the question has been mentioned this afternoon during the course of the

debate, but the Government have not given us any information on the matter. We want to know whether the members of the Convention are to be elected by the people or whether they are to be elected on political party lines. Will the element of party politics come into this matter? Of course it will, just as party politics have dominated the Senate ever since the first Federal Parliament was elected.

Senator O'KEEFE.—The mystery is how the Convention is to be constituted. We want to know whether the delegates are to be elected by the people or by the Government?

Senator FERRICKS.—The Minister said he was not in a position to submit any details. I have no desire to traverse any ground already covered by any other honorable senators, but that important matter has not been dealt with. If the delegates are to be selected on party lines, what will be the value of the Convention? It appears to me that the politicians—professional politicians if you like—are to have a voice in this matter. There seems to be a certain amount of odium attached to the term "professional politician," but I suppose that politicians, like others, might well devote the whole of their time to their business. When I am called a professional politician, I do not take it as a reflection upon me, because I consider it the duty of a politician to devote his whole time to his work. Many of us devote the whole of our time to politics, and have to deal with constitutional and other questions, and surely we are capable of framing amendments on these very important matters. We should be as capable as men who do not devote the whole of their attention and study to constitutional questions. I cannot see why the Australian Constitution should be amended on the recommendations of outsiders. It may be claimed that a legal perception may not be obtainable from members of Parliament, but I venture to assert that that does not apply to the Senate at any rate.

The manner in which constitutional questions have been debated by the only legal gentleman we have in the Senate has certainly been sufficiently meritorious to justify comparison with gentlemen outside who may be credited with great legal knowledge. If the Government were in earnest in this matter, why have not the powers of the War Precautions Act been availed of? We have the statement

of the Prime Minister (Mr. Hughes) that the War Precautions Act will be operative for another three months. Why not, therefore, read this Bill this night three months? In the meantime, the Government could get to work under the War Precautions Act, which they said was necessary when it was introduced as a war power to regulate the cost of living, to give effect to their expressed intention. They have all the power now, and they will have it for three months after the ratification of the Peace Treaty, so there is no justification for the introduction of these Bills. They are merely a disguise to cover the political nakedness of the Government and their supporters, because they could have dealt with this matter at any time during the past two years. Assuming, for the sake of argument, that these proposals are carried on a referendum, and that the present Government are returned to power, how long will it be before they can get to work? If the elections are held in December, and we are told they have been fixed for that month, it is reasonable to assume that Parliament will not meet before March or April. That being so, there will be an interval of six months within which the profiteer may continue to run riot, as during the past two years. This "boosting" of the Government's intentions is typical of their performance in the past. They have done nothing, and I do not think they intend to do anything now. There is not an ounce of sincerity in all their protestations, and because I believe this I do not intend to support the Bill. If there is any necessity for these further powers, why is any limitation placed upon them? In my opinion, the verdict of the people once given should stand until it is altered in a constitutional way. Realizing that the debate has yet to go further, I can only express my disbelief in the protestations of the Government and state my intention of voting against the Bill. I do not think there is any business in it.

**Senator KEATING** (Tasmania) [8.20].—I am not at all surprised at the attitude of honorable senators opposite in regard to this measure. When, three weeks ago, in the course of the debate upon the Supply Bill, I made reference to profiteering and the allegations that the Commonwealth Parliament had not sufficient power to deal with it, I took ad-

vantage of the opportunity to indicate a way in which possibly that power might be acquired, without necessarily resorting to hasty amendment of the Constitution. I pointed out that we might ask the State Governments to get the State Parliaments to endow the Commonwealth Parliament with the necessary power, and that while we were using these remitted powers, steps might be taken to secure an amendment of the Constitution in this regard, and in other respects also, after mature thought and careful deliberation. But when I ventured to make the suggestion, honorable senators opposite assailed me with a storm of interjections. One of the most frequent was in the form of the query, "Do you think this Government seriously contemplates dealing with profiteering?" I answered that I did, and I was then asked, "Do you think that the Government will seriously consider such a proposition as you are suggesting?" Honorable senators opposite derided the possibility of the present Government taking such a course at all. They wished the general public to believe that the Commonwealth Government and its supporters had no intention of dealing with the profiteer and profiteering.

**Senator FERRICKS**.—That is because they have not done so during the past two years.

**Senator KEATING**.—That was the reason given; but I pointed out then that those who were now complaining of inaction on the part of the Government during the preceding two years, had only very recently, and in view of a prospective election, themselves become very active in the matter of dealing with profiteering. I ventured to say, further, that the Opposition would be very much disappointed if the Government did take action in this direction, because they would then be deprived of their strongest cry at the forthcoming election.

**Senator O'KEEFE**.—We will have a pretty strong cry.

**Senator KEATING**.—But that is the strongest election cry which honorable senators opposite would have. In the interval the Prime Minister has been in conference with the Premiers of the several States, who have been asked to get their respective Parliaments to endow this Parliament with the necessary powers, in

view of the possibility of the Constitution being amended. The Prime Minister indicated to them the line of movement to which I referred in my speech, namely, an amendment of the Constitution by a Convention, which would eliminate, as far as possible, the party element and party spirit. As honorable senators know, this is a course which I have long advocated. Some considerable time ago I tabled a notice of motion, and in a previous session I had an opportunity of putting the matter before the Senate. Constitutional Conventions for the purpose of revising a Constitution are not novelties at all. In several of the American States they are established institutions, sitting periodically—in some of the States at the end of every ten years—for the purpose of revising the Constitution.

Senator BAKHAP.—Have they ever conferred on the Federal Government powers so extensive as are proposed in these amendments?

Senator KEATING.—I am not going to be taken off the track by interjections. I am simply referring to the fact that conventions for the revision of Constitutions are not novel institutions. Although the notice of motion to which I referred has been on the business-paper for a long time, it has not yet been disposed of. I am very glad to know that the tide of public opinion is influencing responsible men to turn their thoughts in this direction that I have indicated.

This afternoon Senator Gardiner, Leader of the Opposition, when dealing with this measure, questioned again and again the *bona fides* of the Government. There was no necessity to do that, but, quite as I expected, when members of the Opposition saw a prospect of this Government and this Parliament being endowed with power to deal with profiteers, and when they visualized the present Government taking drastic action, they realized that their greatest stock-in-trade at the forthcoming election would fail them. What do we find? On the motion for the second reading, Senator Gardiner submitted an amendment, which afterwards was ruled out of order, but which I say, unhesitatingly and unequivocally, was nothing but a dilatory amendment, and had no other object than to delay the passage of this Bill, the purpose of which is to secure for this Parliament power to deal with profiteering.

Senator GARDINER.—Do you think you are justified in saying that I wished to delay this measure, when, as a matter of fact, I am doing my best to get it through before Saturday?

Senator KEATING.—I am saying that that is my view of the object of the amendment.

Senator GARDINER.—Then I shall try and live up to your opinion.

Senator KEATING.—If the honorable senator did not intend to delay the Bill, and if I am doing him an injustice, he should not now take a course of conduct which he says he had no intention of taking. The reason why I think it was a dilatory amendment is this: From the point of view of volume, it was a large amendment, and loaded with controversial matter, and, if it received proportionate attention to that which Senator Gardiner and other senators opposite claimed for the comparatively small alterations contained in this Bill, would occupy the time of the Senate for several weeks.

Senator O'KEEFE.—Do you not think that on an important measure for the amendment of the Constitution, we are justified in asking for more time?

Senator KEATING.—I have not said whether we should or should not have more time. I am dealing with Senator Gardiner's amendment. If consideration of the measure now before the Senate would require our attention for a few weeks, then all I can say is that Senator Gardiner's amendment would require our attention for a few months. The proposed amendments now before the Senate are comparatively small, considered side by side with those amendments proposed by Senator Gardiner, and therefore I say his amendments could have no other effect than to delay indefinitely consideration of this Bill—even beyond Christmas, if we continued to sit until then.

Senator O'KEEFE.—And you would like to "jamb" the amendments through the Senate at once.

Senator KEATING.—Did ever I say I would? Have I ever done anything to justify the honorable senator's assertion? I have sat in this chamber when my honorable friend and his party were on the Ministerial benches, and I can remember Senator Gardiner and his Government supporters endeavouring to rust amend-

ments of the Constitution through the Senate without saying one word in support of them.

Senator O'KEEFE.—And now you want to rush these amendments through quickly, so we are equal.

Senator KEATING.—I am prepared to sit here and discuss these amendments as long as any other honorable senator.

Senator O'KEEFE.—Then why blame Senator Gardiner for submitting an amendment?

Senator KEATING.—I am not blaming Senator Gardiner for his amendments, but I say they could have no other object—and certainly no other result—than to delay indefinitely consideration of this Bill. I am not surprised at the attitude of honorable senators opposite. They derided the possibility of the Government taking steps to deal with profiteering. They wanted the country to believe that it was all mock heroics on the part of the Government. They would be glad if the Government were to find that it could not deal with profiteers and profiteering. It is their own stock-in-trade. This cry is their great asset for the purposes of the election. I have already stated, and will repeat now, that, rightly or wrongly, justly or unjustly, there is a feeling abroad that the public is being subjected to profiteering. Senator Bakhap may say that the profiteer is mythical, but we cannot get away from the fact that honorable senators opposite with unanimity, honorable senators on this side by a large majority, and members of the Ministry unanimously allege that profiteering is being practised and must be dealt with. It is for that reason that I have said that, considering that all classes of political opinion believe profiteering to be rampant, and that it must be dealt with, we should find it an easy matter to secure from the State Parliaments the necessary endowment of power with which to overcome the evil. I have never, either in the Senate or from any platform, taken up the position that the Constitution of the Commonwealth is sacrosanct. On the contrary, I have carefully noted every decision of the High Court with respect to the interpretation of the Constitution. I realize that, commanding as were the abilities of the framers of the Constitution, their work must necessarily have its imperfections. I have always realized that when the instrument of government which

they framed was brought into actual exercise and applied to the problems of the day defects were bound to manifest themselves. It is for that reason that I have long since realized the desirability of reviewing the Constitution. I have not been prepared to pledge myself blindfolded to the form of any particular amendments submitted and passed through both Houses of the Federal Legislature, stoutly as I may have affirmed the principle which it was sought to express in any such amendments. I have long advocated something in the nature of a Constitutional Convention. I have held that we should have a Constitutional Convention as an institution, for the periodic revision of the operation of the Constitution, and for the recommendation—the recommendation only—of necessary amendments. I do not suggest that the Constitutional Convention should take one iota of power or responsibility from the Federal Parliament. My own motion upon the notice-paper has indicated that when the Convention representatives have reported to the Governor-General and to the Governors of the six States their proposed amendments should be dealt with under section 128 of the Constitution—should be discussed and dealt with by both Houses of this Parliament, and, subsequently, by the people themselves. Parliament would be free to deal with the amendments as they deemed fit, and so would the electors. So I am not taking up the cast-iron attitude of Senator Bakhap, whose view may be interpreted to be, "Hands off the Constitution."

Senator BAKHAP.—I am prepared to amend the Constitution in regard to one of the greatest monopolies yet disclosed, and which these measures do not touch.

Senator KEATING.—That may be so; but I gathered from Senator Bakhap's remarks to day that his attitude is largely a matter of "hands off the Constitution." He castigated those of his colleagues on this side who have expressed the opinion that there is any justification for an amendment of the Constitution.

I have not changed my attitude in regard to the amendment of the Constitution. Throughout the elections of 1913 and 1914, from every platform in Tasmania I announced that if I was returned to Parliament it was my intention to

propose a revision of the Constitution by a constitutional convention—a convention to be popularly elected, and consisting of an equal number of representatives from each of the States, who would not be given *carte blanche*, but would be charged under a Federal Enabling Act with the responsibility, within a certain period of reporting their proposed amendments to the Governor-General of the Commonwealth, and the Governors of the six States.

Senator FERRICKS.—Those delegates would be elected on party lines, would they not?

Senator KEATING.—My proposal has been that they should be elected on the principle of proportional representation, so that the whole of the organized bodies of opinion of the Commonwealth shall find a proper reflection in the Convention.

Senator FERRICKS.—Even so, party feeling would be sure to come in.

Senator KEATING.—The proportional representation principle would largely secure that the composition of the Convention would be something like a true reflex of the opinions of the electors of the Commonwealth. I certainly prefer an elected Convention to a nominee Convention, because I do not know who may be the nominators. Three weeks ago I said we were confronted with the proposition of profiteering. From both sides of the Senate there have been expressed intentions and desires to deal with the profiteer, and there has been a recognition also of our constitutional limitations.

Senator FERRICKS.—You will admit that the Government has had full power to deal with profiteering during the past four years?

Senator KEATING.—I have admitted that, and I have said also that during those years when the powers were exercisable by the Commonwealth authorities there was no violent outcry on the part of the Opposition regarding the inaction of the Government. I have said that the outcry has only recently arisen.

Senator GARDINER.—How could we embarrass the Government during the war?

Senator KEATING.—The uncomplaining attitude of the honorable senator, no doubt, was accounted for by the fact that he did not desire to embarrass the Government.

We have a definite proposition before us to amend the Constitution, so that this

Parliament may be endowed with legislative authority to deal with profiteers and with profiteering. It may be said that the powers indicated in the amending Bill are in excess of the needs of the occasion—meaning by the occasion, the purpose of dealing with profiteering. On the other hand, it is asserted by honorable senators opposite that the proposed amendments do not go far enough; that they should embrace other matters which, in conjunction with these amendments, would bring about a radical alteration in the scope of our Constitution. The Government's proposition embraces amendments for a specific purpose; and whether the proposed amendments are in excess of that purpose or otherwise is a matter on which the Government have sought the advice of an outside body. An honorable senator opposite has described that outside body as the masters of the Government. I do not know how that can be. The three gentlemen concerned have been engaged by the Government to furnish advice, technical and professional, upon matters in regard to which those individuals are recognised as skilled experts. I do not know how they can be described as the masters of the Government and of the Government supporters, except upon the same principle as a physician might be termed a man's master after an ailing individual had consulted him, and the doctor had prescribed a certain course of treatment. During the past day or two there has been indicated some differences of opinion among those gentlemen themselves; first, regarding whether or not the proposed amendments are in excess of the purposes of the Bill; and, secondly, as to the exact terms of the reference to them by the Government. Really, therefore, I cannot congratulate the Government on the state of the measure now before the Senate. There has been a certain amount of haste in connexion with the submission and passing of this measure through Parliament, which is altogether out of place in relation to such a far-reaching proposition. We find that doubt has been expressed, first, regarding the terms of the reference to the body of advisers, and that there is doubt among the advisers themselves regarding the extent of the effect of the proposed amendments in relation to what the Government wish to cover.

Dismissing for the moment all consideration of the experts, I desire to deal

with an objection raised by honorable senators opposite, and by certain honorable senators on this side also, concerning our competence to submit such a measure to the people; and, indeed, as to the competence of the people to accept or approve of its amendments of the Constitution. It has been said by Senator Gardiner, and, if not indorsed, then, to some extent supported by Senator Bakhap, that an amendment of the Constitution having but a temporary effect is likely to be ineffective and invalid. I do not know on what reasoning that contention is based. The only reason furnished by Senator Gardiner was that section 128 of the Constitution does not expressly mention anything in the nature of an amendment to the Constitution which may have temporary operation. That may be, but there are numbers of things not expressly mentioned in section 128 which are still admissible. If it could be pointed out that the Constitution contains no provisions with a temporary operation, there might be some reasoning upon which to base the contention. But, upon hurriedly glancing through the Constitution I have found that the following sections have, or may have, temporary operation:—Sections 7, 10, 29, 30, 31, 34, 39, 46, 47, 48, 65, 67, and 97. In every one of those sections these words occur—“Until the Parliament otherwise provides.” The operative effect of those sections, therefore, may be suspended, and absolutely terminated, by a provision of this Parliament contrary to the effect of those sections. In section 49, which relates to the powers, privileges, and immunities of the Senate and of the House of Representatives, somewhat similar words are used. There it is provided that until “otherwise declared” the powers, privileges, and immunities of the Parliament shall be those of the House of Commons. The Senate “otherwise declared” long ago, when we passed our own Standing Orders, one of which affirms that the Standing Orders of the House of Commons shall not apply here. Again, sections 90 and 92 of our Constitution have not a permanent operation. Their operation is absolutely conditional. For example, section 90 reads—

On the imposition of uniform duties of Customs, the power of the Parliament to impose duties of Customs and of Excise, and to grant bounties on the production or export of goods, shall become exclusive.

Until the imposition of uniform duties each State Parliament possessed that power. But when this Parliament imposed a uniform Tariff it became vested with exclusive power in this connexion. It might not have imposed a uniform Tariff within three months, or six months, or twelve months, or even up to twenty-four months. Then section 92 of the Constitution provides—

On the imposition of uniform duties of Customs, trade, commerce, and intercourse among the States, whether by means of internal carriage or ocean navigation, shall be absolutely free.

The operation of that section was suspended until a certain condition had been fulfilled. Similarly, other sections of our Constitution are not of a permanent character. There is, for example, the Braddon section, which reads—

During a period of ten years after the establishment of the Commonwealth and thereafter until the Parliament otherwise provides, of the net revenue of the Commonwealth from duties of Customs and of Excise not more than one-fourth shall be applied annually by the Commonwealth towards its expenditure.

That is a section which might have been operative only for ten years, but which, on the other hand, might have been operative for a longer period.

Senator BAKHAP.—But Parliament had first to be given that power under the Constitution.

Senator KEATING.—Exactly. That circumstance, however, in this connexion, takes us neither one step forward nor one step backward. Section 93 of our Constitution sets out that—

During the first five years after the imposition of uniform duties of Customs, and thereafter until the Parliament otherwise provides—

(i) the duties of Customs chargeable on goods imported into a State and afterwards passing into another State for consumption, and the duties of Excise paid on goods produced or manufactured in a State and afterwards passing into another State for consumption, shall be taken to have been collected, not in the former, but in the latter State.

By looking at these sections honorable senators will see that every one of them contains in some form or other, if not definite provision for their temporary operation, the possibility of their definite termination, or, indeed, of the suspension of their operation until the happening of certain contingencies or the lapse of a

particular period of time. Seeing that such sections are already embodied in our Constitution, I fail to understand how it can be suggested that whenever we amend the Constitution we must insert in it a provision which shall continue to unvaryingly operate until it is expressly excised by a further amendment of the Constitution.

Senator BAKHAP.—May not Parliament legislate too prematurely?

Senator KEATING.—I am not discussing that aspect of the matter. I said, a few moments ago, that, considering the stage we had reached in connexion with this measure, the Government are chargeable with haste, and with a certain degree of carelessness. Of course, I can speak only for myself.

Senator BAKHAP.—Nobody has charged the honorable senator with inconsistency in his attitude.

Senator KEATING.—I do not like clause 6 of the Bill at all. In the preceding clauses, certain amendments are proposed in our Constitution. Then clause 6 sets out that the alterations made shall remain in force for a prescribed period. Let me assume that the Bill is passed in its present form, and that the proposed amendments of our Constitution which are contained in it are carried by a referendum. It may be said that they will operate for a period of only three years. But the only way in which any person reading the Constitution can learn that fact will be by inserting a foot-note to read: "These powers are temporary powers, which terminate on such-and-such a date. See such-and-such a Statute." That is a most inconvenient method to follow.

Senator BAKHAP.—It is the work of a bocht.

Senator KEATING.—It is. Then the question arises: What will be the legal effect of these amendments? I do not know the nature of the amendments to which Senator Gardiner has made reference.

Senator RUSSELL.—They are in circulation. The first one seeks to take away the right of the Commonwealth to legislate in regard to corporations.

Senator KEATING.—The course which the Government should have followed in submitting these amendments was to allow paragraph i of section 51 of our Constitution to stand in its present form.

Then they should have inserted something to the following effect:—

(ia) For a period not extending beyond the thirty-first day of December, 1922—  
and then the additional powers should have been specified. The amended Constitution would then have shown on its face that the powers contained in paragraph ia were intended to operate only up to a certain date. Whatever happened in the interim in regard to the calling together of a Convention, those temporary powers would automatically fall out of the Constitution upon the prescribed date or contingency; but the Parliament would still retain its power to legislate with respect to trade and commerce with other countries and among the States which it has to-day. But if we alter for a temporary period what was intended to be a permanent provision in our Constitution, what are we going to do when that period expires?

Senator PRATTEN.—Unless the course suggested by the honorable senator be taken, another referendum would be necessary.

Senator KEATING.—Exactly. We shall be taking something permanently out of our Constitution in order to temporarily put something else in its place. The position reminds me of the words of the old song—

You took me out to take me in;  
What did you take me for?

Senator BAKHAP.—In other words, it is an in-and-out game.

Senator KEATING.—Yes. It is absolutely astonishing that, after all the years of experience we have had of our Constitution, we should get down to such a form of draftsmanship as is exhibited in this Bill.

Senator O'KEEFE.—That is rather rough on Professor Jethro Brown, Professor Harrison Moore, and Sir Robert Garran.

Senator KEATING.—They did not draft the measure. It is outside their province to consider the form of drafting. They have merely to consider the legal effect of the amendments proposed. My point is that, in amending our Constitution, we should be careful to retain the powers that we already possess. If we wish our powers in regard to trade and commerce to be extended, let the proposed provision be stated in the

form of a separate power, and let the temporary character of that power appear upon the face of the provision. If we adopt the suggestion that I have already made, the temporary nature of the amendment will be apparent, as will also the period over which it is to operate. It will not be subject to any Convention if the conditions imposed by the Bill are not fulfilled. But we should be in no worse position. In Committee I shall move to have all these proposed amendments preceded by some such words as I have indicated.

Senator RUSSELL.—Does the honorable senator definitely affirm that the powers we already possess under our Constitution will not revert to us?

Senator KEATING.—We are asked to amend the Constitution, and, assuming that it is amended, we declare, in clause 6 of this measure, that—

The alterations made by this Act shall remain in force—

- (a) until the expiration of three years from the assent of the Governor-General thereto; or
- (b) until a Convention constituted by the Commonwealth makes recommendations for the alteration of the Constitution, and the people indorse those recommendations, whichever first happens, and shall then cease to have effect.

But we do not provide that when these alterations cease to operate, the original provisions of the Constitution shall be restored.

Senator RUSSELL.—I understand that the legal advisers of the Government have that object clearly in view.

Senator KEATING.—The people will not be specially called upon to vote upon clause 6 of the Bill, but generally upon the amendments which are proposed in the Constitution. I submit that they should be asked to vote upon those amendments as temporary amendments, which will expire upon a prescribed date.

Senator RUSSELL.—Does the honorable senator mean to tell me that the electors will not be invited to vote upon clause 6 of this measure, which limits the operation of these amendments to a certain period?

Senator KEATING.—How do the Government propose to get the electors to vote upon it?

Senator RUSSELL.—I take it that the conditions attached to these constitutional

amendments will be submitted to the people on the referendum papers.

Senator KEATING.—I do not know what form the referendum papers will take. It may be that they will cover a copy of the whole Bill.

Senator RUSSELL.—I take it that if the people affirm the principle of the amendments, they will affirm the conditions applying to them.

Senator KEATING.—If they were given the whole Bill, and asked to approve of that, they might realize what they were doing; but I do not believe that the Constitution contemplates that method of submitting an amendment to the people. It contemplates the submission of certain definite amendments—for instance, to strike out certain words and to insert certain other words. The people should certainly vote upon these proposals in their temporary form. I shall supply the Minister with a draft of the form of words which I think should be used, and I hope that before we come to the Committee stage he will give very careful consideration to my proposal.

Senator RUSSELL.—I do not wish to give a legal opinion, but the best opinion I can get is that the Bill, as framed, provides for all that the honorable senator is asking.

Senator KEATING.—I can only say that if it does, it is in a clumsy, cumbersome, and botching way. It would be much more in keeping with the draftsmanship of the Constitution, and more in harmony with its form and method, to agree to some such provision as I have suggested—that during a period not extending beyond a certain date the new powers shall have existence. There should be some such words as those, which express the limitation of their operation in point of time governing each of these proposed amendments of the Constitution.

I have not spoken as to the purpose and effect of the proposed amendments, that is to say, as to whether or not they cover all that is required to endow this Parliament with the powers necessary to deal with profiteering, or whether they will endow it with more than the necessary power for this purpose. I have not gone into them with that minuteness of examination which would enable me to express an opinion on that point. No matter how minute our examination of them may be, I believe that no one can

accurately forecast the limits of their legal effect until we are up against the concrete circumstances of daily life hereafter.

Senator BAKHAP.—Then the honorable senator intends to do a little prospecting.

Senator KEATING.—I say that these amendments will give this Parliament general powers if they are passed, but the justification which I find for the whole procedure is that they are only temporary, and that before the period of their termination arrives, a Convention will be called. I believe in a Convention. I believe that the time has been long ripe for a Constitutional Convention.

Senator BAKHAP.—What merit can the honorable senator see in these amendments if he believes that they should be only temporary?

Senator KEATING.—If they are meritorious they will probably be confirmed by the Convention.

Senator BAKHAP.—Does the honorable senator concede that there is grave doubt as to their merit?

Senator KEATING.—No. I say that I have not examined them with that minuteness and care that I should like to have given them.

Senator BAKHAP.—Why congratulate ourselves upon their merit if they are only temporary?

Senator KEATING.—I have not done so. I do not know whether Senator Bakhap has been congratulating himself upon them.

Senator BAKHAP.—I understood the honorable senator to say that he considered is a merit that they were to be only temporary.

Senator KEATING.—I say that the justification for my attitude towards these proposals is that they are temporary, and during their temporary operation a Convention must be called, and I think that the time was ripe long ago for the calling of a Convention to deal with section 51 of the Constitution. I believe that the operation of our legislation under these Bills will be of additional advantage to this Convention in discussing the respective limits of the powers of Commonwealth and States to be defined under section 51 of the Constitution.

Senator FAIRBAIRN.—We want to stop the duplication that is going on.

Senator KEATING.—Exactly. I think the Convention should deal with the whole question of the relations between the States and the Commonwealth. After practically twenty years of experience, we should be able to bring about a better relation and more efficient economic, and, from the point of view of the public, more advantageous distribution of our respective powers, than at present exists.

Senator O'KEEFE.—Will the honorable senator indicate what form the Convention should take? Does he not think that that should be made clear?

Senator KEATING.—My own views as to the nature of the Constitutional Convention have appeared on the business paper in the terms of a motion I moved a few sessions ago. I think that the Convention should be elected. What the Government propose to do, I take it, will be done through the Parliament, and the Convention will be constituted and commissioned as in the wisdom of this Parliament seems best.

Senator BAKHAP.—We may get it under the regulations of the War Precautions Act before we have finished.

Senator KEATING.—I think that that kind of Convention would scarcely commend itself to the people.

Senator O'KEEFE.—The reference to the Convention is very vague, and we should have something definite about it.

Senator KEATING.—I assume that the only reason that we have not more information about it is the haste with which it has been necessary to deal with this measure. It is admitted that it is being dealt with with a considerable amount of haste. If Ministers were at this juncture to indicate the nature of the Convention, its constitution, its commission, the arrangements for its sittings, and the responsibilities imposed upon it, they might find later, on more mature consideration, that they had committed themselves to a Convention the character and procedure of which would hardly be in harmony with the proper aspirations of the people of Australia.

With these qualifications, I support the Bill. I hope that the Minister in charge of the measure will be particularly careful of the form in which these amendments are to be submitted to the people, and that when the time comes, and

I submit the amendments I have indicated, he will receive them without any feeling that they are offered in a hostile spirit, or for the purpose of unduly delaying the passage of the measure.

**Senator Lt.-Colonel O'LOGLIN** (South Australia) [9.7].—The Bill before us, as Senator Russell has mentioned, is in some respects an old friend, but it comes in a very different guise from that in which it was submitted by a Labour Government on two previous occasions. I take, for instance, the proposal with respect to industrial powers, and I remind honorable senators that we proposed that they should include the railway servants, a most important and very numerous body of men when we consider the great Railway Departments of the six States of the Commonwealth. An attempt to settle the question of industrial unrest, which leaves out of consideration such a large body of industrial workers, is entirely farcical.

The only Conservative Government we have ever had in the Commonwealth, namely, the Reid-McLean Government, which held office for a year or two, was sufficiently advanced to introduce an Arbitration Bill which included the railway servants of the States. That Bill was placed upon the statute-book, and failed of its purpose only because of a ruling of the High Court. Now we have a professedly Liberal and Labour Government to some extent, coming forward with proposals which do not go even so far as those of the Conservative Reid-McLean Government of several years ago. I have on many platforms advocated the full proposals of the Labour Government for constitutional alterations. I had the assistance of Labour colleagues representing South Australia, in those days, in strenuously advocating those proposals. I have hope that we may be able to restore our proposals for the amendment of the Constitution to the form in which the Labour Government introduced them, and that, in doing so, we will have the support of ex-Labour members of the Senate, who supported them so strenuously on previous occasions.

With regard to the trade and commerce proposals, I remind honorable senators that when the South African Union Convention was being held, and application was made to the Commonwealth Government—I think Mr. Deakin

was Prime Minister at the time—for advice as to the form which the new Constitution should take, he sent them the advice that whatever else they did, they should take full powers with regard to trade and commerce. That was the most important advice he could give them. At present, in the Commonwealth, we have no power to deal with the matter of trade and commerce, except trade and commerce with outside countries, or extending beyond the boundaries of one State.

These proposals, so far as they are worthy of support, are hampered and governed by the Convention proposals, just as the governor on a piece of machinery controls the action of that machinery. When it is remembered that we have no information as to how the Convention is to be constituted, that in itself is sufficient to vitiate the whole of these proposals. Why is there so much secrecy with regard to the constitution of the Convention? That is suspicious. It reminds me of a story of our friend, Mr. Dooley. Referring to the agitation with regard to conferring the franchise on the Uitlanders, the refusal of which led to the South African war, he said, "If I were Kruger, there would be no war. I would give every one the franchise, but I would do the counting myself." So I say with regard to the proposed Convention, that no matter what the proposals may be, if I had the calling of the Convention, I would be able to say exactly what proposals would be adopted. The Government are playing with a two-headed penny in keeping in reserve the Convention which is to govern the whole of the proposed amendments of the Constitution. Upon the constitution of the Convention will depend what the Constitution amendments will be.

I have no doubt that with the majority which the Government have behind them in both Houses of this Parliament, these proposals will go through, and I shall watch with interest the honorable senators who will support them. It will be interesting to note the attitude of those who so strenuously supported much more far-reaching proposals a few years ago. These amendments are intended to enable the Government to deal with profiteers, with the shipping rings, and commercial combinations, who have all done so well out of the war, and who have continued their depredations even since

the signing of the Treaty of Peace, if not with the concurrence, at any rate with the tacit consent of the present Government. I was disappointed to find that Senator Gardiner's amendment was ruled out of order. I thought that the amendment dealt with section 51, which controls the whole powers of the Government. I am convinced, after further consideration, and after the experience we have had during the great war, that any attempt to tinker or to patch up the Constitution will be futile. We shall have to go back to the beginning, and recast it altogether. A great mistake was made by the framers of the Constitution in following the precedent of the United States of America instead of the Canadian precedent. We should define the powers of the States, and leave the whole of the other powers with the Commonwealth.

Senator BAKHAP.—Which country is more progressive, Canada or the United States of America?

Senator Lt.-Colonel O'LOGHLIN.—We made a mistake in following the United States of America instead of Canada. At that time the Federal spirit was weak, the State righters were in great force, and the members of the Convention followed the line of least resistance, which has been a source of serious trouble ever since. The proposal to place the administration of this Act in the hands of the Government reminds me of Daniel O'Connell's saying when a Commission of landlords was appointed to deal with the Irish question, "You might as well consult the butchers about keeping Lent." It will be futile to place these powers in the hands of the Government when they will have the profiteers behind them. If the people expect any relief from measures designed or administered by this Government they will be mistaken. I have drafted an amendment which, I think, avoids the points on which Senator Gardiner's amendment was ruled out of order. I propose submitting it to the Senate, and trust it will be carried. There may be doubt, however, on that point, in view of the majority which the Government can always command, irrespective of the unsatisfactory or absurd nature of any proposal they may submit. I move—

That all the words after the word "that" be left out with a view to insert in lieu thereof the words—"the proposed amendments of the Constitution are unsatisfactory and il-

lusive, both in their character and duration, and that the Bill be referred to a Select Committee of the Senate with a view to its being recast, so as to provide—

- "(a) for the full sovereign rights of the Commonwealth Parliament, which are possessed by every other self-governing Dominion of the British Empire, and which nineteen years' experience of the working of the Constitution have shown to be necessary,
- (b) the adequate and effective distribution of powers to the subordinate Legislatures and municipalities, and
- (c) for removing the inconvenience and responsibility arising from want of uniformity in the present methods of assessment of taxation and the duplication of tax collecting authorities."

The first paragraph confers sovereign rights on the Commonwealth such as are possessed by every other self-governing Dominion in the British Empire. Why should Australia, the leading Dominion of the British Empire, not have full self-governing powers the same as other self-governing Dominions in the British Empire? Are we not as capable of exercising those rights, and dealing justly with the States, in all matters that come under our purview as any other Dominion in the Empire? If that is the position, why should we be deprived of such rights? After nineteen years' experience, it has been shown that we should possess them. Until we have full sovereign rights and adequate provision for self-government by the States, the conflict and bitterness which exists will continue. Passing on to the next paragraph of my amendment, I do not propose that we should abrogate the powers of the State Parliaments.

Senator BAKHAP.—What does the honorable senator mean in his amendment by "subordinate legislatures"?

The PRESIDENT (Senator the Hon. T. Givens).—The honorable senator has submitted his proposed amendment for my consideration. I cannot allow him to discuss paragraphs *b* and *c*, as I intend to rule them out of order. Paragraph *a* appears to be in order, and, therefore, it can be discussed. Senator Bakhap intimated, by interjection, one of the paramount reasons for ruling portions of the amendment out of order, as there are no subordinate Legislatures. The States are sovereign, and their Legislatures are not subordinate to this Parliament. The

Bill is to amend section 51 of the Constitution, but any proposal to deal with a State Government, whether subordinate or not, would not be in order. It would require a recasting of the Constitution to empower us to do what is proposed in paragraph *b*. Paragraph *c* would also necessitate a recasting of the Constitution, because we would have to limit the powers of the States in regard to taxation and their methods of collection. I intend to allow paragraph *a* of the amendment, as it will cover almost everything that can be done in an amendment of section 51. The first portion of the amendment covers all that is relevant.

Senator Lt.-Colonel O'LOGHLIN.—I understand that paragraph *a* of my amendment is in order.

The PRESIDENT.—Yes.

Senator Lt.-Colonel O'LOGHLIN.—Under those circumstances I shall not then further refer to paragraphs *b* and *c*; but, as you say, sir, that the first paragraph is sufficiently wide to cover everything, I must say that it is not only wide, but wise, and therefore a fair proposition for this Parliament to support. I shall confine myself to submitting the amendment, and trust that it will be acceptable to honorable senators. The powers proposed to be given by the amendment are enjoyed by all other self-governing Dominions of the British Empire, and we are placing the Commonwealth in an invidious and subordinate position by withholding them from it. These powers are not only possessed by all the other self-governing Dominions of the British Empire, but have been found to work very harmoniously. Two years ago, when I was in South Africa, I took advantage of my presence in the Dominion to consult with their public men as to the operations of the South African Union. I ascertained at that time that a report had been published by a Royal Commission that had been appointed to inquire into the operations of the Union. The report furnished—it was not a unanimous one, but was supported by a considerable majority—was to the effect that after years of Unification—which is not proposed in this amendment I have moved—they found that the trend of opinion was towards further investing the Central Parliament with powers vested in the provincial Legislatures. The tendency was in favour of further Unification

rather than towards restricting the powers of the Union, rather than towards extending the powers of the provincial Legislatures. I do not propose to go into all the points raised by the various amendments proposed, as they have been fully dealt with by Senator Gardiner and other senators. I may say, however, that I feel in doubt as to the attitude I shall adopt when putting these proposals before my constituents, as it will be my duty to do, before very long. I regard these proposals as a sham and a delusion. It may be desirable, however, to grant the Government these powers to show the people what a fraud and delusion they are, and because it cannot be demonstrated in any other way. I do not expect the people of the Commonwealth to obtain any benefit as a result, or that the actions of the profiteer will in any way be restricted by the amendments proposed if they are administered by the present Government. This Government came back in 1917 with a mandate such as no other party in the Commonwealth ever had. They had a majority of two to one in both Houses, and possessed extensive powers under the War Precautions Act to deal with the profiteer, and yet failed miserably. I have very little hope, if these amendments are carried, that they will do anything in the direction of assisting the people. I submit my amendment for the consideration of the Senate.

The PRESIDENT (Senator the Hon. T. Givens).—The original motion was “That the Bill be now read a second time.” The question now is that all the words after “That” be struck out, with a view to inserting in lieu thereof the following words:—

The proposed amendments of the Constitution are unsatisfactory and illusory both in their character and duration, and that the Bill be referred to a Select Committee of the Senate with a view to its being recast so as to provide for the full sovereign rights of the Commonwealth Parliament, which are possessed by every other self-governing Dominion of the British Empire, and which nineteen years’ experience of the working of the Constitution have shown to be necessary.

Senator PRATTEN (New South Wales) [9.29].—It seems that we in Australia would very likely have undergone a constitutional evolution similar to the evolution that took place 100 years ago in connexion with the growth and development of the United States of

America. In the United States of America there was the State Rights party as against the Unification party. The States of the north were jealous of the States of the south, and the controversies that occurred there for thirty or forty years were similar to those that went on in Australia up to the time of the outbreak of war. I do not think the people of Australia would have lightly jumped into any amendment of the Constitution had the war not occurred. We must admit that problems have arisen as a result of the war, and the fact that the world can never be as it was before, has added some arguments for the case that our Constitution should be amended. The Minister said, by way of interjection, if not when introducing the Bill, that one of the principal reasons for the measure is that the Government may have an opportunity of dealing with profiteering. There is also an additional reason, which, however, has not been stressed to the extent that I think it ought to have been, and that is that the Commonwealth, as a result of the general world-wide unrest that has come our way, requires some general national power to deal with that problem, a power which we have not yet got, but which this Bill will give us. The National Government should have power to control these forces in the critical years that are ahead of us.

Let me first of all deal with this parrot-cry of profiteering, an allegation that has been somewhat loosely employed, and which possibly has had some effect in stampeding Governments, both here and elsewhere, in directions that may perhaps be regretted. In connexion with these Bills, we have something like a timetable. We have been asked to pass them through in what is, perhaps, record time, and without being able to give them the close attention which important constitutional amendments should get. Although the Senate has, perhaps, to some extent been deflected from its original purpose as a house of review, we are still expected to view the problems that come before us from the angle of State interests. Honorable senators will admit, I think, that an amendment of the Constitution, such as the one now before us, is very much more important from the stand-point of, say, a State like New South Wales, than from the stand-point of one of the smaller States. I say this with all

respect to my honorable friends from those States. So far as trade and commerce are concerned, this Bill very vitally affects New South Wales, which is responsible for 42 per cent. of the entire trade and commerce of the Commonwealth. Consequently, my duty bids me to look at this measure from the angle of a State so vitally concerned.

There has been a good deal of loose talk on the question of profiteering. I have given some reflection to this problem, and I realize frankly, as, no doubt, honorable senators do also, that it is absolutely necessary to seek for some compromise between the profiteer who is the enemy of his country, and the man who represents the other extreme in the industrial sphere, and who likewise is an enemy to the community. I believe that this Bill has been brought in by the Government in the genuine hope that some compromise will be effected. What is the real position in Australia to-day? The people are complaining of high prices and of the greatly-increased cost of living; but very few have probed for the real causes. Roughly speaking, nearly every one of the thousands of articles in use can be classified either as primary or secondary productions, or imported goods. Are honorable senators prepared to say that the primary producer shall not get the world's parity for his produce?

Senator GARDINER.—Certainly not, but we shall check the speculators.

Senator PRATTEN.—Other elements have to be taken into consideration in connexion with this increase in the price of commodities. One element is the distributor, another the speculator, and still another the man who owns the means of transit, particularly the shipowner. I do not think any honorable senator will claim that the Bill will give the Government any control over the cotton manufacturer of Lancashire, the cotton-grower of the United States of America, the manufacturer of woollen goods in Yorkshire, or the manufacturer of galvanized iron or paper in America. Nor will they claim that the Bill will give the Government power to control the price asked by the British shipowner for freight to Australia from other countries. Therefore, in analyzing this problem of high prices with a view to ascertaining where profiteering is going on, we have to eliminate all these commodities and services from the ambit of any possible control by

the Commonwealth. Let me go a little further. We find that £90,000,000 worth of goods imported from abroad will not, by virtue of this measure, come under the control of the Commonwealth Parliament at all, so, really, attention must be turned to our secondary industries and the distribution of their products and imported goods. This, roughly speaking, covers the whole field of any possible Commonwealth control over the cost of living. My honorable friend the Leader of the Opposition (Senator Gardiner) admits that he is not prepared to say that the primary producer should not get the world's parity for his goods; and he will admit, I think, that we can have no control over the prices charged for goods imported into this country. Therefore, when we talk about profiteering and Government control of the cost of living it seems to me, getting down to fundamental principles, that some of the causes are to be found in public waste as the result of the war, public extravagance as a result of the aftermath of the war, and the scarcity of world's production as a consequence of men being deflected for so long from their ordinary occupations.

Let us analyze this question of high prices a little further. It is said that the prices of buckets and tubs made by the Australian manufacturer are considerably higher than they were before the war, and that, consequently, profiteering is going on there. Those who make such loose statements forget apparently that the raw material used is galvanized iron, which is two or three times higher in price than it was before the war, and, unfortunately for Australia, the whole of it has had to be imported. Let me give another homely illustration. It is said that the jam manufacturers are charging 50 per cent. more for their jams than prior to the war. That is a fact. Jam is now 2d. a pound more than it was in 1914. Where does that 2d. go to? Certainly not into the pockets of the manufacturer, because one penny of the increase is due to the increased cost of tin plates necessary for packing the jam, and the Commonwealth have no control over the cost of tin plates because they are not made here. Then one halfpenny goes to the Queensland sugar-grower under an agreement, which was ratified here not so many weeks ago, and the other halfpenny goes partly, perhaps, in increased profits—I am not go-

ing to dispute that—but certainly some part of this half-penny goes in increased cost of packages and labour. Thus I have explained the reason for this 50 per cent. increase in the cost of jam. Many more similar illustrations could be given. I might mention merchantable iron, angle iron, and ship-plates. It is well known that our iron industry has not been developed to the extent of supplying all our own requirements. A good deal of iron has to be imported, and it forms the basis of many of our secondary industries. Costs have gone up in proportion to the cost of the materials used. Machinery could be drawn upon to furnish further illustrations. In hundreds of directions it might be pointed out that Australia is suffering, not from profiteering by her own people—although I do not deny that profiteering does go on here—but largely from high prices caused by the world-wide scarcity of imported commodities.

Senator BAKHAP.—In some cases commodities have not been obtainable even at the highest price.

Senator PRATTEN.—That is so. Some time ago we passed a War-time Profits Tax Bill. Several honorable senators at the time quoted so-called excessive profits made by individual firms in the course of their operations during the war. I remind those honorable senators that, if our Acts are being administered in the spirit and letter in which they were passed—and I have no reason to doubt that they are—during the years 1915-16, 1917-18, and on 50 per cent. and 75 per cent. respectively of those excess profits revenue has gone into the coffers of the Government; and, as a result, the Commonwealth authorities have collected some millions of money.

I was glad that Senator Keating drew attention to a speech which he made in this chamber some weeks ago, wherein he indicated what steps the Government could effectively and immediately take in connexion with alterations of the Constitution. It may be merely a coincidence, but the Government appear to have adopted his suggestions; and, as an outcome, we have this Bill before us. I view with considerable misgivings the continued bureaucratic control by a centralized Government. I agree with honorable senators on either side of the chamber who have said that the War Precautions Act gave the Government equal

powers to any which an amendment of the Constitution could confer in the direction of dealing with trade, commerce, and industry. The Government has had full opportunity to control the trade and commerce of Australia. But there is a fundamental difference between the powers exercisable under the War Precautions Act and those which may be exercised under an amendment to the Constitution. In the one case an edict was issued, whereupon the power came into force. That was during the period of war, when nobody desired to place undue difficulties in the way of the Government. But, in the other case, the power can only be exercised after full consideration of a parliamentary measure for a specific purpose.

I am an opponent of Unification. I do not believe that a continent of 3,000,000 square miles, with such a sparse and scattered population, can be adequately governed from any one centre. I do not think our experiences throughout the history of Federation justify us in assuming that every function of government can be successfully carried on from one centre. Any attempt to gather to the Federal authority powers which should rightly belong to the States can only mean the further building up of a bureaucracy in Melbourne, which will govern us, instead of our governing it. I believe that Unification would mean the diminution of the efficiency of government. I am certain that it would mean an increase in its cost, and, although much may be said in favour of the amalgamation of certain State and Federal functions, the fact remains that Unification would mean decreased efficiency and increased expenditure. There is a movement, I understand, which is supposed to be a secret one, that, after the expiry of the present wool agreement, there shall be established in Melbourne a Wool Control Board to permanently control the whole of the output of the wool of Australia. I am of opinion that the Government cannot control legitimate trade as well as it can be managed and controlled by private individuals.

Senator RUSSELL.—The Government know nothing of such a secret proposition as the honorable senator indicates.

Senator PRATTEN.—I do not say that it emanated from the Government. Such schemes very often have their origin

with the bureaucrats themselves, who do their best to convince the Government of the soundness of their selfish plans.

I have undertaken some analysis in regard to profiteering; but the most effective way in which to deal with that subject would be in the direction of a graduated profit tax. If I had my way, I would impose upon the business community a profit tax so graduated that unfair and extreme profits would be altogether taxed away. It is not economically sound to attempt anything in that direction by way of price fixing. That has been proved a failure in other countries. I freely admit that this Parliament should attempt to do something to check profiteering, but I have no great faith in the proposals so far submitted. I do not believe we shall be able to cover the whole ground as it ought to be covered. The community will have to exercise some degree of self-restraint. We have emerged from an era of prosperity, partly as a result of the war, which has expanded public and private extravagance. Now, as a Government, a Parliament, and a people, we must exercise some restraint upon expenditure. That is the doctrine which should be preached throughout the Commonwealth, together with the encouragement of increased production. Only with those combined reforms can the people hope to bear the added burdens of war. I listened very attentively to the remarks of Senator Keating. Those of us who had the pleasure of following him closely will agree that he advanced a very cogent argument when he urged that, if the Bill be passed in its present form, and the proposed amendments of the Constitution be carried by referendum, the Commonwealth may find itself, on the expiry of the period over which those amendments will operate, without even the control over trade and commerce which it possesses to-day. I hope that the Government will take into their serious consideration the suggestion which he has made, and will see to it that we do our business in this Chamber in a business-like way. Another point connected with this measure relates to the calling of the proposed Convention for the purpose of revising our Constitution. The Bill does not provide that the Convention must meet before the 31st December next year, but it does affirm that if no such Convention is called before that date, the

powers for which we are now asking will expire by effluxion of time. I should like some pronouncement from the Leader of the Senate as to what is in the minds of the Government in regard to the method of electing this Convention.

Senator RUSSELL.—If the honorable senator can promise me that the Government will be returned to office armed with these powers I will hazard a guess.

Senator PRATTEN.—Some information should certainly be forthcoming upon this point. The Premiers of the States may possibly be called together, and as an extreme case their meeting may be designated a Convention. On the other hand, certain members of both branches of the Commonwealth Legislature may be asked to revise the Constitution, and their meeting may be called a Convention. I endorse the suggestion which has been made here this evening, that the proposed Convention shall be based on popular representation under the proportional system of voting.

Senator BAKHAP.—And with equal representation for each State.

Senator PRATTEN.—We shall then be able to get a fair reflex of all classes of opinion within the Commonwealth. Senator Bakhap, by his interjection, has raised another very contentious question to senators from New South Wales, which happens to contain 42 per cent. of the people of the Commonwealth. The Government should indicate what is in their minds in regard to the proposed Convention, which we hope will be summoned to meet next year. This is a most important matter to the small, as well as to the large, States. It is a matter that we should approach on an absolutely democratic basis—on the basis of one adult one vote, and on a system which will enable all shades of opinion throughout Australia to be represented in proportion to their strength. But whatever amendments may be made in our Constitution—whether they be made at the instance of my honorable friends opposite or of the Government—are doomed to disappoint those who repose implicit faith in their efficacy to reduce the high cost of living, so long as the present world conditions prevail. Even if the whole of the proposed amendments be ratified by the electors, this Parliament will, to some extent, still remain ham-

strung in regard to the control of many commodities in daily use, which are dear, not because of profiteering in Australia, but because of world conditions over which this Parliament and this Democracy can exercise no control whatever. That is the real position to-day. I intend to vote for the proposed amendments of our Constitution because I believe that a National Parliament should evolve national powers. I do not think that this Parliament, in view of the experience of the past eighteen or nineteen years, and especially in view of the tremendous war which has devastated the world during the past five years, can go on in the same old way. I think that we should proceed slowly and carefully, and I regard the proposed amendments of our Constitution as the minimum which are necessary at the present stage of our national existence.

Senator O'KEEFE (Tasmania) [10.7].—I suppose that it is idle to ask the Vice-President of the Executive Council to consent to an adjournment of the debate.

Senator RUSSELL.—Yes.

Senator O'KEEFE.—I recognise that at this hour it would be unfair for me to protest that I am obliged to forego my right of criticism upon this measure. But there are quite a number of honorable senators who desire to speak upon it, and in view of that fact, and of the circumstance that we are going to be asked to consent to vital alterations in our Constitution, it is remarkable we should be told that we must sit here all night, and, if necessary, all to-morrow, and to-morrow night, till we pass the Bill.

Senator RUSSELL.—I have just given the honorable senator two days' holiday.

Senator O'KEEFE.—What a childish interjection! The Vice-President of the Executive Council gave us no holidays, but he and his colleagues gave us six or seven months' recess when we should have been here transacting the business that we were elected to transact. Since June last we have practically been marking time, awaiting the return of the Prime Minister from England. Now we are asked to rush this Bill through within the limits of a single sitting. It is an absolute farce that we should be obliged to legislate in this way.

Senator BAKHAP.—It is an outrage!

Senator O'KEEFE.—It is an outrage. Fancy Senator Bakhap and myself being in agreement! While I take quite a different view from the honorable senator upon the question of the necessity which exists for amending our Constitution, I at least give him credit for consistency. To-day he stands exactly where he stood some years ago. I recollect that he thundered vociferously on every platform throughout Tasmania against the alterations to our Constitution which were then advocated by the Labour party. Strange to say, a number of those who then supported him are to-day pretending to see the light. We are asked by the Government to dispose of this Bill at a single sitting, although the debate upon it might very properly be spread over at least half-a-dozen sittings. The measure has been put forward by the so-called National Government. Some of us claim that we are justified in doubting their sincerity, because of the limitations which they have attached to it. We are further warranted in doubting the desire of the party which supports them in the country to give effect to it. I shall presently read a line or two regarding this Bill from the chief newspaper supporter of the present Government, and the bitterest opponent of the Labour party in Tasmania. It will also be instructive to note the opinion expressed upon it by the Premier of Tasmania, because he was amongst the State Premiers who met the Prime Minister in conference upon this matter only a few days ago. According to the newspaper reports, the Prime Minister on that occasion said to the Premiers, "Here are the constitutional amendments that I want." The Premiers replied, "We will not give them to you; but we will give you so much"; to which the Prime Minister at once answered, "Very well, I will accept that."

Senator RUSSELL.—The honorable senator must have had a peep in at the Conference.

Senator O'KEEFE.—I read between the lines as most people do. The Premiers went back to their States leaving the Prime Minister to suppose, if we can judge by newspaper reports, that they intended to support him with all their power in the country. I have here a telegram sent to one of the senators representing Tasmania, with a request that

he would confer with other Tasmanian representatives upon this matter. The telegram reads—

Following wire sent to the Prime Minister representing views of State Government re Constitution amendments. The State Government have fully considered same, and are agreeable—(1) Support section 5, of first Bill giving Commonwealth power to deal with trusts, combinations, monopolies; (2) support second Bill power for Commonwealth take over declared monopolies; (3) would support the granting of such power necessary to enable Commonwealth to regulate profits, or fix prices throughout Australia. Re other powers asked for dealing with trade and commerce, corporations, and industrial disputes, State Government of opinion much wider than necessary to secure object sought. Would urge these be omitted from Bills, and submitted to Convention in 1920. Would strongly urge you confer Tasmanian representatives to obtain in Bill to alter section 51 of Constitution, clause 2, in addition to railways, to include State hydro-electric power undertaking, and, if possible, all State enterprises.

That means that the Premier of Tasmania, speaking for his Government, is against giving the power to the Federal Parliament to interfere in any way with State enterprises.

Senator GUTHRIE.—With wages; let the honorable senator put it plainly.

Senator O'KEEFE.—Exactly. The State hydro-electric power undertaking is a public enterprise, and the Tasmanian Government are against giving the Federal Government the powers asked for to deal with that.

Senator NEWLAND.—That is always the way, and it always will be.

Senator BAKHAP.—Why should the Federal Government desire to interfere with a State enterprise like that? Did they help it in any way?

Senator O'KEEFE.—These interjections are very helpful, because they supply the best kind of proof, and from the right quarters, that it is a sham, a delusion, and a snare to expect that the powers behind the State Premiers and State Governments are going to assist the Federal Government to secure these powers.

Senator GUTHRIE.—And Tasmania has the lowest wage rate in Australia.

Senator BAKHAP.—Tasmania managed to over-subscribe her quota of the Peace Loan in spite of her low wage rate.

The DEPUTY PRESIDENT (Senator Shannon).—Order! I must ask honorable senators to keep order. If they will not do so, I must adopt more stringent measures.

Senator O'KEEFE.—I want to see these powers transferred from the State Parliaments with their Legislative Councils, who have thrown themselves across the way of progress whenever a proposal has been made to secure better conditions and wages for workers in the State. I want to see them transferred to a Parliament elected by adult suffrage. But my honorable friends behind the State Governments do not want to see that.

Senator REID.—We do.

Senator O'KEEFE.—Honorable senators opposite are joined in one party, but they will find that oil and water will not mix.

Senator BAKHAP.—What about the newspapers?

Senator O'KEEFE.—The newspapers that are supporting the Government, and will support them at the general election on everything else, will not support them in their appeal to the people for these powers. Here we have the *Hobart Mercury* slating the Prime Minister to some extent.

Senator REID.—No one takes any notice of that newspaper.

Senator O'KEEFE.—Readers of it in Tasmania do take notice of it. It says—

It seems to us that Mr. Hughes, desirous of "dishing" the Labour party, is going to combine a referendum on proposals which that party must support with a general election in which it will be against him. This is ingenious, but very dangerous. It is quite possible that by this means he will carry his proposals for the alteration of the Constitution, but he will most assuredly make such a split in the Nationalist party that a serious disaster may follow. What we mean is that those powers which he proposes to use with wisdom and discretion are quite likely to be thrust into the hands of the Labour party, which will use them, not only without wisdom or discretion, but with absolute malignity. When Mr. Hughes was accepted as the Leader of the Nationalist party, he took on certain obligations. If now he intends to twist that party into a big Labour tail, something will break. He may be able to carry with him the greater number of those who sit behind him in Parliament, but he will not carry with him the Nationalist organizations or the Nationalist electors. We hope that Mr. Lee will, with the shortest possible delay, be able to assure the Prime Minister that the Nationalist party in Tasmania is not prepared to sacrifice all that it has fought for in the past merely in order to fit in with very doubtful electioneering tactics.

This Bill is, in the opinion of the writer of this article, only electioneering tactics. Let me say that this newspaper influences about half the votes recorded in Tasmania.

Senator Mulcahy, and other Tasmanian senators, will agree with me that it exerts a very big influence. It considers that this Bill is only electioneering tactics—

Senator BAKHAP.—The newspaper is right.

Senator O'KEEFE.—I have it from Senator Bakhap that the newspaper is right in saying that this Bill is only electioneering tactics. That is a nice admission to come from a supporter of the Government.

Senator BAKHAP.—Supporting the Government does not involve subscribing to inaccuracy.

Senator O'KEEFE.—The *Hobart Mercury* goes on to say—

It is sheer madness to court disaster in this way. The modification accepted with a view to limit the operation of these new powers to three years has very little value. If these powers operate for three years, the Federal Parliament may pass legislation so far-reaching in its character that its effects will be permanent. We have had experience of that with regulations made and powers exercised under the War Precautions Act, the effects of which remain with us to-day, and will never be overtaken. If Mr. Hughes has some clear and definite legislative proposals in regard to the prevention of what is called profiteering, they will receive sympathetic consideration on their merits. But, as has been the case before, he asks the people of Australia to sign blank cheques, to be filled up at his discretion, and he asks, in addition, the State Governments to assure the people that they are quite safe in signing. The tentative proposals of the Premiers do not bind them or their Cabinets, and we hope that Mr. Hughes will, with the shortest possible delay, receive the assurance that, if he proposes to enter upon a policy designed to wreck the Nationalist party, he will do so without their support.

My honorable friends opposite do not like that kind of instruction, but it should be instructive to them to learn just where they stand with regard to the support they may expect from Nationalist newspapers. The *Hobart Mercury*, and most of the other newspapers that are to-day supporting the Prime Minister and his Government, do not desire that power shall be transferred from the State Parliaments to the Federal Parliament.

Senator REID.—We want them.

Senator O'KEEFE.—I believe that some of the supporters of the Government do desire that this Parliament shall have these powers.

Senator NEWLAND.—Does Senator O'Keefe not want them?

Senator O'KEEFE.—I want these powers, and would be very glad to have

them if I felt that I could trust the Government to put them into operation. In saying so I am merely repeating what was said by the present Chief Justice of Victoria a year or so ago when the Labour party submitted certain alterations of the Constitution. He agreed with every line of them, and said that they were necessary for the good government of this country, but he would not trust the party that was bringing them forward.

Senator NEWLAND.—Was he Chief Justice of Victoria when he said that?

Senator O'KEEFE.—No, but he is Chief Justice of Victoria now, and he occupied a prominent position at that time.

Senator NEWLAND.—He was then a politician.

Senator O'KEEFE.—I wished only to show that in doubting the good faith of political opponents, I was doing only what he did then, and if erring, I am erring in good company.

The limitations of the powers proposed make it appear pretty plainly to those of us who really desire that wider powers shall be vested in the Federal Parliament, that there is not a burning desire on the part of a great number sitting behind the Prime Minister that these powers shall be transferred from the States to the Commonwealth. I point out that the Prime Minister is the same gentleman as he who advocated in 1915 very vital alterations of the Constitution, but he has been compelled to place these remarkable limitations upon these present proposals. He has also omitted on this occasion a most important proposal which he made in 1915 affecting the railway service of the States. He has omitted that proposal in deference to those who sit behind him, and do not desire that the Federal Parliament should have the right to interfere with the wages and conditions of the railway servants of the States.

Senator REID.—The honorable senator thinks that he is still the same.

Senator O'KEEFE.—I do not know whether he is or not.

Senator REID.—The honorable senator said just now very definitely that he is the same.

Senator O'KEEFE.—I shall not let Senator Reid put words into my mouth. I say that I do not know whether the Prime Minister is still of the same opinion as he was in 1915, but if he is, he should have had the courage to bring down in

this Bill a proposal affecting the railway servants.

Senator NEEDHAM.—He was not allowed to do so. He has his masters.

Senator O'KEEFE.—Probably he was not allowed. I certainly should like to see a provision in this Bill such as that contained in the 1915 proposal, giving the Federal Parliament power to regulate wages and conditions of railway employment.

Senator THOMAS.—The Democracy of Australia twice turned that proposal down.

Senator O'KEEFE.—If Senator Thomas is still a good Democrat, the fact that the people of Australia turned that proposal down twice would not prevent him from including it in this measure, because he is agreeing that the people should once more be asked what additional powers they will give to this Parliament. If we could lift the veil of the Caucus of the other side, probably we would find that Senators Thomas and Reid had advocated the inclusion of the provision relating to railway servants. The measure we now have before us excludes railway servants, although the gentleman who is Prime Minister to-day strongly urged their inclusion in the amendment he submitted three or four years ago. I do not intend to take up the time of the Senate in repeating the objections urged on both sides of the chamber—at all events, from this side—regarding the time limitation, and to the method of appointing the Convention. It is the duty of the Minister to give honorable senators some idea of what is in the mind of the Government in regard to the constitution of the Convention. Is it to be a body appointed entirely by the Government, or is it to be appointed partly by the Commonwealth Government and partly by the State Governments? Is the Convention to be elected by the people? The question has been put to the Minister by several honorable senators, but we have not received any reply. I now ask the Minister if he will not give the Senate some information?

Senator THOMAS.—Can you tell us what Government will be in power?

Senator O'KEEFE.—The Minister is assuming that his Government will be in office. Is it to be a "hoch-potch" Convention appointed by the Commonwealth and State Parliaments? It is due

to the Senate to have this information while the measure is under discussion, but apparently we are not to have it, as the Minister remains silent.

Senator RUSSELL.—My personal opinion is that it should be constituted as was the original Convention, but that is not a collective opinion.

Senator O'KEEFE.—We want the composite mind.

Senator RUSSELL.—You cannot get that until you know what Government will be in power.

Senator O'KEEFE.—The Government presents this Bill for our discussion, and we are unable to obtain information on a very vital point. The amendments will automatically lapse at the end of three years, or after twelve months if the Convention is not appointed. One of the most vital proposals in the Bill is that relating to the Convention. The measure states that the Convention is to be constituted by "the Commonwealth." What is the interpretation of "the Commonwealth." Does it mean the Government of the Commonwealth or the people of the Commonwealth? The measure certainly falls short of supplying the information to which we are entitled. The Minister says he does not know the collective mind of the Government.

Senator RUSSELL.—I cannot say what a future Government will do.

Senator O'KEEFE.—It is the duty of the Government to make the position quite clear. At a later stage it is my intention to move an amendment which I shall outline before the Bill goes into Committee. Regarding the general principles of the measure, I say, "Take it to the people"; if they like it, trust the Government. But I hope the Government will do what they promised to do. The very fact that these remarkable and peculiar limitations are included makes those of us who have been here for a number of years doubtful as to whether the Government really want the powers outlined, and whether they intend to put them into operation if they secure them. It is for that reason I would like Senator Gardiner's amendment to have been accepted. It seems absurd to place any limitation on the powers.

Senator BAKHAP.—They could not name one monopoly that they would take before the Court.

Senator O'KEEFE.—The honorable senator and I do not agree on the necessity for altering the Constitution.

Senator BAKHAP.—Which monopoly would you go for?

Senator O'KEEFE.—I am not dealing with monopolies, but with the general principles of the Bill. It was never intended when the Constitution was framed by the eminent gentlemen alluded to by Senator Keating, and when it was accepted by the people of Australia, that alterations would be proposed for a year. That seems an absolute farce. I would have preferred to see Senator Gardiner's amendment accepted, and I am sorry that the President ruled it out of order. I would also like the amendment outlined by Senator O'Loghlin accepted, and I hope the good sense of the Senate will support it, because we would then have a reasonable proposal to submit to the people instead of the remarkable one that is now before us. I intend moving to amend the Bill by adding at the end of clause 2 the following words:

And by the adding at the end of paragraph xxiii thereof the words, "and pensions to widows with children dependent upon them." I am seeking to alter section 51, which outlines the powers of the Commonwealth Parliament. Paragraph xxiii is really one line, and reads, "Invalid and old-age pensions." The effect of the amendment would be that Parliament would have the power, not only to deal with invalid and old-age pensions, but also with pensions for widows with children dependent upon them. I am sure there is no difference of opinion in the Senate regarding the justice and the necessity of this amendment. I have never been able to find any honorable senator, on the various occasions I have mentioned this matter, objecting to the Federal Parliament having power to complete its pensions scheme by adding the words, "Widows with children dependent upon them." I have brought this matter forward on several occasions, and on our notice-paper to-day I have a motion, reading:—

That, in the opinion of the Senate, paragraph 23 of section 51 of the Commonwealth Constitution Act should be altered to empower the Parliament to provide for payment of pensions to widows with children dependent upon them.

Senator BAKHAP.—Why should that be mixed up with such a vexed question as that embodied in the Bill.

Senator O'KEEFE.—There is a good reason. We are asked to amend section 51 of the Constitution, and paragraph xxiii of it refers to pensions. Under our present Constitution, Parliament has power to deal with invalid and old-age pensions. I desire Parliament to have the power to deal with pensions of the kind I have indicated. The carrying of the amendment will not provide that the pensions must be paid, but it will give to Parliament the power to render them payable.

Senator BAKHAP.—This is tacking a desirable amendment of the Constitution on to an undesirable one.

Senator O'KEEFE.—It is a desirable amendment, and as we are now considering amendments to the Constitution, this is the only time to submit such a proposition. If I cannot have this amendment embodied in the present Bill, I shall be precluded for Heaven knows how long.

Senator BAKHAP.—What would be the position of an honorable senator who was in favour of your amendment and antagonistic to the other proposals?

Senator O'KEEFE.—He would probably vote against the second reading of the Bill and support the amendment in Committee. It is an amendment on which I think we are all in agreement.

Senator BAKHAP.—Why not bring in a separate Bill?

Senator O'KEEFE.—I cannot do that, because I do not control the Government. The honorable senator knows very well that only measures brought forward by the Government have any prospect of being carried. This is the fourth time that I have introduced this matter. I first moved in this direction in 1911, and received support from the majority of honorable senators, but the matter was never taken up.

Senator MULCAHY.—Is the honorable senator sure that the power does not already exist?

Senator O'KEEFE.—I am glad the honorable senator has raised that point, because it is not a new one. It has been contended by a number who consider themselves constitutional authorities, and also by a number of lawyers, that the power already exists in the Constitution. On the other hand, it is contended by quite a number, that the power is not there. As a layman, I can understand the position only in my own way, and it

seems to me that it does not exist. Section 51 of the Constitution gives the Commonwealth power to legislate for the order and good government of the Commonwealth in respect of what have been termed the 39 articles, and article xxiii specifically mentions "Invalid and old-age pensions."

Senator MULCAHY.—Which one mentions the maternity bonuses?

Senator O'KEEFE.—Not one. The bonuses are being paid, and I do not know whether their validity has ever been questioned in the High Court. Anybody has the right to question their validity. On the 30th November, 1911, the 18th July, 1912, and the 23rd October, 1913, I brought a similar proposal forward. There has never been any serious opposition to it, but it has never been made the law. Leaders of several Governments have been committed to it, and Mr. Fisher, when Prime Minister of a Government I was supporting, promised to introduce it, but he never did so. It would be very beneficial to a numerically small but very deserving section of our community.

The DEPUTY PRESIDENT.—I have allowed the honorable senator a good deal of latitude. He is debating an amendment which he intends moving in Committee, and that is not in order.

Senator O'KEEFE.—I thought, sir, that you would have allowed me to make passing reference to the matter in a general way. This is not a party question. At the Labour Conference in Adelaide three or four years ago, I moved that the provision be placed in the Constitution so as to remove all doubt; but so far no Government has seen fit to take the matter up. New Zealand is the only place in the British Dominions that has legislated directly on these lines.

The DEPUTY PRESIDENT.—Order! The honorable senator is again going beyond the proper limits of the debate.

Senator O'KEEFE.—May I be permitted to give my reasons for bringing this matter forward?

The DEPUTY PRESIDENT.—The honorable senator will be perfectly in order in doing so when the amendment is before the Committee.

Senator O'KEEFE.—I recognise that, perhaps, the Committee stage would be the proper place; but I am rather disappointed at not being allowed to refer

to the matter further at this stage. I wish you had taken a wider interpretation of our Standing Orders, and allowed me to give the reasons why I think the power should be vested in this Parliament. However, I have no desire to dispute your ruling. It is a matter of interpretation of our Standing Orders. I had the honour of sitting in the Chair for about four years, and I think I got along pretty well.

Senator MULCAHY.—It is not usual to discuss an amendment when giving notice of it at the second reading stage.

Senator O'KEEFE.—I thought I would be allowed to refer to my amendment at greater length in the second-reading debate, but the Deputy President has ruled against me, so I will have to take advantage of the time at my disposal in Committee, even if I have to speak on the amendment in instalments.

Senator LYNCH (Western Australia) [10.56].—The Bill before the Senate does not require any apology or explanation. It is quite true that it has been urged that the measure has been introduced with undue haste, but when we review the history of the movement for Constitutional amendment, we find that during the last eight or nine years similar measures have been introduced on no fewer than three occasions, and so the charge of undue haste cannot be sustained. In 1911 Bills similar to these now before Parliament were introduced and passed. In 1913 the same Bills, with some slight modifications, were adopted; and again, in 1915, Bills designed to accomplish the same ends, but with modifications, were passed by the Federal Parliament. This, therefore, is the fourth time that Parliament has been called upon to consider measures drafted for the purpose of giving relief in well understood directions, and, in the present case, a new direction as well. I do not know how many more times it will be necessary for the Government to introduce Bills of this nature before they can escape the allegation of undue haste. If ever a set of measures were discussed with the utmost care, and subjected to the keenest criticism, it is the Bills now before the Senate, in respect of which there is now the charge of undue haste.

Senator GARDINER.—You do not claim that they are the same as the former Bills, do you?

Senator LYNCH.—These are practically the same as those introduced by the Government of which Senator Gardiner was a member.

Senator GARDINER.—They are not.

Senator LYNCH.—I think I will prove to the honorable senator that they are. I could quite understand honorable senators urging that undue haste was being displayed if this was the first time we had heard of such a Bill as that now under consideration; but I point out that honorable senators who are criticising this Bill took their share in piloting similar measures through Parliament on former occasions. So much, then, for this flimsy pretext that these measures for Constitutional amendment are being passed with undue haste on the present occasion.

All the causes that justified action on the part of previous Governments in regard to these amendments of the Constitution stand unimpaired to-day, with one additional cause, namely, profiteering, of which we have heard so much of late, as an urgent reason for the adoption of this measure. It ought to be quite plain to men of ordinary understanding that if the causes that were responsible for the introduction of measures of a similar character eight years ago still stand, and if, in addition, there is, as I have shown, another urgent reason, there can be no ground for the complaint that these Bills are being presented with undue haste. Montroud's declaration that language was given to man to conceal his thoughts is particularly applicable on the present occasion to honorable senators opposite. They are uneasy because the measures convey more power than they want to see conveyed; because their protestations have been too fully met; and because they cannot claim the credit of piloting the Bills through Parliament. We will not be told this, but I take the opportunity of saying it. Measures similar to the one now before the Senate were passed in 1911, 1913, and 1915; so this Bill should be accepted with open arms, and there should not be any desire on the part of the Opposition to adopt embarrassing tactics to prevent its passage through the Senate.

We just heard an amendment moved by Senator O'Loughlin which, if adopted, would place no limit

upon Commonwealth authority. The honorable senator reminds me of a very old professor I heard of in the Old Country, who advertised that he intended to give a lecture on the "universe and collateral subjects." Senator O'Loghlin's amendment is almost as comprehensive.

Senator Lt.-Colonel O'LOGHLIN.—It only puts the Commonwealth on the same level as other Dominions.

Senator LYNCH.—The causes that led to the introduction of the measures in 1911 stand in the year 1919, with an additional reason, namely, the need to deal with profiteering which, notwithstanding anything that may be said to the contrary, is an evil that requires radical and immediate treatment. Why any honorable senator professing to be a Democrat should use his position as a custodian of the public welfare to withstand the endeavour to pass this measure quickly passes my comprehension.

Senator GARDINER.—Do you object to my amendment.

Senator LYNCH.—I stand as a supporter of the proposals which the Government of which Senator Gardiner was a member indorsed and asked this Parliament to pass.

Senator GARDINER.—All right; I will claim your vote for my amendment directly.

Senator LYNCH.—I stand where Senator Gardiner stood in 1911. Let us clear away all misunderstandings. In connexion with the War Precautions Act, we have heard it said that it was conceived for the purpose of punishing our political opponents. We have never heard from its critics anything of the good that it has accomplished; but from various sources we have ascertained that that Act has proved beneficial to the country. Mr. Ryan, the Premier of Queensland, who is now making a descent into the Federal arena, has placed on record the following opinion, voluntary and unsolicited, regarding the effect of the War Precautions Act in keeping prices within reasonable bounds, and in holding the profiteer in check. On the 10th July last the following particulars appeared in the *Brisbane Daily Standard*—

The announcement that the New South Wales Government is to re-establish price fixing in an attempt to cope with the scandalous profiteering everywhere existing, was brought under the notice of the Premier this afternoon. Mr. Ryan remarked that the Commonwealth

had let loose the profiteers on the people properly. Under the War Precautions regulations the prices control had been let up fairly promptly after the signing of the armistice. He did not know why it was so, but the fact remained that they had yielded to the pressure of those who wanted to make excessive profits out of the people.

Mr. Ryan concluded, "I have the matter in hand with a view to taking some action in Queensland." Three months have passed and nothing has yet been done in that State. Nevertheless, Mr. Ryan placed it upon record that up to the period of the armistice the War Precautions Act and Regulations had undoubtedly kept the profiteer in check.

A desperate effort is now being made to bring the railway servants of the States within the scope of this amending Bill. It is true that on three previous occasions attempts were made to clothe the Federal authority with power to regulate the wages and conditions of labour existing upon State railways; I refer to the Bills brought forward in 1911, 1913, and 1915. Then came the increased pressure of war conditions. The party of which Senator Gardiner and I were members had seen the necessity for the concession of increased powers to the Commonwealth Government; and the State Governments were thereafter consulted. But the significant fact is that all reference to the railway men was dropped.

Senator GARDINER.—That is not so.

Senator LYNCH.—After considerable discussion it had been resolved not to put the referenda again to the people, owing to the war. But the view was expressed that a Conference should take place between the then Prime Minister (Mr. Hughes) and the State Premiers. It was prior to that that the party had decided that the case of the State railway servants should be dropped.

Senator GARDINER.—That is not correct.

Senator LYNCH.—Senator Gardiner will not deny that the State Premiers were assembled at the instance of the Labour Prime Minister of the Commonwealth (Mr. Hughes), who was a colleague of Senator Gardiner. The honorable senator states that it is not correct that the case of the railway servants had then been dropped. I will furnish proof to the contrary. Did Mr. Hughes confer with the State Premiers on his own initiative? Did he go behind the backs of his colleagues in the Labour Government? Did

he act without the knowledge and consent of his party? A decision had been arrived at that certain powers should be sought from the State Premiers, but that those powers should not include authority to deal with the railways.

Senator GARDINER.—Neither the Hughes Government nor the Fisher Government ever considered what Mr. Hughes should put before the State Premiers.

Senator LYNCH.—If that is so, this is the first we have heard of it.

Senator DE LARGIE.—Why has the honorable senator kept that to himself for years? Why were we not told about it in Caucus?

Senator LYNCH.—This is the first time we have heard that it was not decided in Caucus that the railway men should be excluded from the scope of the State enabling measures. The Act subsequently passed by the New South Wales Parliament contains the following preamble:—

And whereas certain proposed laws for the alteration of the Constitution of the Commonwealth have been passed by an absolute majority of each House of the Parliament of the Commonwealth and writs have been issued by the Governor-General for the submission of those proposed laws to the electors of the Commonwealth; and whereas as a result of discussion which arose at a financial conference of the Premiers of the States, held in Melbourne in the month of November, in the year 1915, it was agreed between the said Premiers and the Prime Minister of the Commonwealth that the Premiers would bring forward in their respective Parliaments legislation for referring to the Parliament of the Commonwealth the matters specified in this Act, and that the Government of the Commonwealth would postpone during the currency of the war the taking of the vote of the electors of the Commonwealth upon the said proposed laws for the alteration of the Constitution: Be it therefore enacted—

Then follows an enumeration of the powers which the State Premiers undertook, at the request of Mr. Hughes, to include in their Bills. The subject-matters are—

Trade and commerce, corporations, employment and unemployment, strikes and lockouts, the maintenance of industrial peace, the settlement of industrial disputes, conciliation and arbitration, trusts, combinations, monopolies.

Section 4 of the Act states that—

Nothing in this Act contained shall be construed to empower the Parliament of the Commonwealth or any authority constituted under the Commonwealth to affect the control or management of railways the property of a State, or the rates or fares on such railways.

That is an emphatic exclusion of anything having reference to the administration of the railways or to the conditions of employment upon the railways of the States.

Senator THOMAS.—And was that submitted to the Parliament of New South Wales as an outcome of the conference with Mr. Hughes?

Senator LYNCH.—That is the Act, and its preamble indicates exactly the reason for its introduction to the State Legislature.

Senator GARDINER.—I will state the truth; I will put the whole of the facts before the country. There is nothing discreditable in them; and when a man endeavours to discredit me the whole of the facts should be given publicity.

Senator LYNCH.—This Act, passed by the Parliament of New South Wales, expressly excludes reference to State railway activities. Senator Gardiner has hitherto withheld information of what occurred prior to the Conference between Mr. Hughes and the State Premiers. He has failed to announce that he dissents from the phraseology of a State measure that emanated from that Conference, and deliberately excluded the railway activities of the States. Senator Gardiner cannot square the circle in that way. The light of day is now glaring strongly upon his lack of action, upon his want of sympathy for the railway men in those days more than four years ago. The New South Wales Legislature was the only State Parliament which passed a measure following upon that Conference. The preamble to the Act shows that it originated in the Conference convened by Mr. Hughes, whose colleagues included Senator Gardiner. The wording of that Statute indicates that Mr. Hughes failed to request the State Governments to include reference to railway servants and railway administration. Now we are led to believe that Mr. Hughes took whatever action he did take upon his own initiative.

Senator RUSSELL.—As a matter of fact, we were not represented at the Conference. The State Premiers met, and at the conclusion of their deliberations they sent for the Prime Minister (Mr. Hughes). But Senator Gardiner and I were consulted before the matter went to the party.

Senator GARDINER.—Yes, we were consulted, but it did not come before the Cabinet. I will go into the whole matter fully.

Senator LYNCH.—Here is an extraordinary circumstance, that Mr. Hughes should have continued in the confidence of the Federal Labour party for many months after that Conference, and after the New South Wales Government had passed an Act, at his request, to give power to the Commonwealth to do certain things, but expressly excluding all reference to the railways of the States. We are to understand that Mr. Hughes made this agreement apparently behind the backs of his colleagues and party, and that there was not a word of protest subsequently uttered by those gentle lambs and sucking doves who to-day are ranged on the Opposition side of the Senate. I well remember that the case for the railway servants was dropped because it was recognised that it would damage our chances of securing public favour for those other matters in relation to which we desired to amend the Constitution. Those solicitous gentlemen who are now so anxious to bring the railway servants of the States within the ambit of Federal control forgot all about them in 1915. In that year they were prepared voluntarily to drop them. They made no request for the inclusion of the railway men in the enabling measures which they desired the State Parliaments to pass. Those are the same gentlemen who are now fighting like gladiators for the very employees whom they turned down some four years ago.

Senator GARDINER.—If the Standing Orders permitted me to do so, I would say that the honorable senator is a cowardly liar!

The DEPUTY PRESIDENT (Senator Shannon).—Order! The honorable senator must withdraw that remark.

Senator GARDINER.—I withdraw it if it is not in order, but it is the truth, nevertheless.

Senator LYNCH.—Senator Gardiner is a big man, but I have tackled as big as he before now.

Senator GARDINER.—Yes, at Coolgardie.

Senator LYNCH.—And anything that he wants in that direction—This is

where the “bully” comes in. But the honorable senator will not “bully” me. It is practically the unanimous opinion of this Chamber that something must be done to enlarge the powers which are already possessed by the Commonwealth Parliament. The Anti-Trust Act is a legislative misnomer. Owing to the limitation of the powers vested in the central authority no protection is given to the people against the operations or depredations of Trusts and Combines. I have here evidence of that fact. A firm in Western Australia trading in the ordinary mercantile way wished to purchase dried fruits from people in Eastern Australia engaged in their production, and so well organized are these persons that when the Perth merchant sought to get his supplies from them, he received a communication from their agents enclosing the following form for his signature:—

I [(a) partner, (b) principal] of the firm of \_\_\_\_\_, Perth, in the State of Western Australia, do solemnly and sincerely declare that I have purchased the following quantities of A.D.F.A. fruits for the season 1918, from Messrs. \_\_\_\_\_:—Thirty boxes sultanas, eleven boxes lexias, sixteen boxes currants. And I declare that I have not been, directly or indirectly, interested in the purchase of dried fruits outside the association, nor, to the best of my knowledge and belief, has any of the fruit purchased by my firm [or company] been divided into parcels, or in any way syndicated, and that I will absolutely retain in its entirety the rebate of  $\frac{1}{2}$ d. per lb., less  $\frac{1}{2}$  per cent. granted to me under this declaration.

And I make this solemn declaration conscientiously believing same to be true, and by virtue of the provisions of an act of the Parliament of Western Australia rendering persons making a false declaration punishable for wilful and corrupt perjury.

I submitted that communication to the Crown law authorities here with a view to ascertaining whether there was any case against the persons who were trading under those conditions. I received the following reply from the Trade and Customs Department dated 21st August:—

With reference to your letter of the 12th July, relative to one received by you from Mr. Arthur Kemp, 625 Hay-street, Perth, respecting the statutory declaration which retailers are required to sign in order to enable them to receive a rebate on purchases of A.D.F.A. fruits, I have to inform you that the Crown Law authorities have advised that the action complained of does not constitute a breach of the Australian Industries Preservation Act.

W. MASSY GREENE.

That reply shows conclusively that the powers possessed by the Federal Government are absolutely worthless for the defence of the consumers of this country from the acts of Trusts and Combines. I have no desire to prolong this debate, because these Bills have been threshed threadbare on three previous occasions. Yet they are alleged to have been introduced with indecent haste! It is because they will serve their purpose so well that this objection is now taken to them, and because they are being supported by honorable senators upon this side of the chamber, who have hitherto been opposed to them. The change in the opinions of these honorable senators has been brought about by the progress of enlightened thought throughout the world. The fact that these gentlemen are aiding us who are true Labour men—better Labour men than are those who are constantly babbling about Labour—has provoked the wrath of honorable senators opposite, who now put forward the flimsy excuse that the Bill has been brought forward with undue haste. I shall support both measures in the belief that they will fulfil a great national and economic want; that they will clothe the central authority with the powers which it badly needs, and that those powers will be used wisely for the benefit of the entire community.

**Senator GARDINER** (New South Wales) [11.18].—I desire to make a personal explanation. I regret that whilst Senator Lynch was speaking I lost control of my temper. There are occasions, however, when a man can be angry and sin not. One of those occasions is when an honorable senator upon the floor of this chamber endeavours to build up a set of circumstances which do not exist, for the purpose of falsifying the attitude of a political opponent. Sorry as I am when I lose my temper, I am not sorry to do so when a man deliberately attempts to place me in a false position. What are the facts in connexion with the Constitution Alteration Bills originally submitted to this Senate? If there be as much manhood in Senator Lynch as I thought there was when I first met him, he will, after I have stated the facts, recognise the need for withdrawing the statement which he has made.

**Senator LYNCH.**—I will withdraw when I am proved to be wrong, but that is not now.

**Senator GARDINER.**—On the 30th November, 1916, leave was granted to introduce a certain Bill. That Bill was introduced by me, as Vice-President of the Executive Council. It was a Bill which was designed to secure an alteration of our Constitution, with a view to enabling this Parliament to legislate in respect of the State railways. That measure was introduced and passed without any undue haste. The Standing Orders were not suspended to enable it to be rushed through this Chamber. After it and other measures had been passed, the State Premiers met the Prime Minister (Mr. Hughes) in conference in Melbourne. The object of that Conference was to see whether an arrangement could not be arrived at by which certain powers could be conferred upon this Parliament which would obviate the necessity for taking a referendum in time of war. Mr. Hughes came from that Conference, —I am sure honorable senators themselves will recollect the occasion when their memories are refreshed regarding it—and whilst sitting at the Ministerial table yonder, I was invited outside to hear a statement of the position which the negotiations had reached. Mr. Hughes said to me, “These are the powers which the Premiers have offered me. Here we can get practically all that we want without a vote of the people, and I think that we ought to accept their offer.” I shall never forget my answer to him, because I am a reasonably cautious man, although some honorable senators doubtless think that I am not. I said to the Prime Minister, “The Premiers have now put you in the same position in which you placed Mr. Cook when you offered to suspend party hostilities upon the outbreak of the war, and I think you ought to accept their proposals.” It will be recollected that towards midnight upon the occasion I refer to, Mr. Hughes asked the House of Representatives to adjourn for a brief period—about an hour or so. The Senate was similarly asked to adjourn. Mr. Hughes then went up to a Caucus meeting, where he made a similar statement to that which he had made to me. He said, “This is the arrangement which the Premiers have offered in order

that we may avoid taking a referendum in time of war." In common with every other member of that Caucus, I accepted that arrangement as an honorable one, and for my action to be put before the country in the light in which Senator Lynch has put it to-night was enough to make me lose my temper. As a matter of fact, I have never withheld anything. I accepted the proposal submitted by the Prime Minister as one coming honestly from the State Premiers, and one under which we could avoid taking a referendum in time of war.

Senator LYNCH.—Leaving the railway men on one side. Of course, the honorable senator will not say that.

Senator GARDINER.—I was just as much in the dark in regard to that matter as was Senator Lynch. The question of the railway men being thrust aside was never mentioned sufficiently to emphasize it. For Senator Lynch to stand up and publicly brand me with having remained silent upon this matter during all the period that has intervened was surely enough to disturb my equanimity. I regret that the honorable senator has followed the bad example set by the Prime Minister. If after their long and friendly association with honorable senators upon this side of the chamber, they can attempt to falsify our position, some day, when they themselves are desirous of accepting a reasonable way out of a difficult position, they may find that the worst construction is placed upon their actions. To brand me with having done something dishonorable.

Senator LYNCH.—I did not do that. I merely referred to a change of opinion that the honorable senator should stand up to.

Senator GARDINER.—There has been no change of opinion. It is a fact that what I accepted every other member of the party accepted.

Senator LYNCH.—That is the way to talk.

Senator GARDINER.—If the honorable senator intended to convey that the whole of the provisions of the Constitution Alteration Bills were discussed at that Caucus meeting, the shortness of the adjournment of both branches of the Legislature will show that that was impossible. Senator Lynch evidently thinks that he gains a point by a skilful attempt

to discredit a political opponent by means of half-truths, which are a great deal worse than lies until the real facts are known. But instead of doing so, he merely discredits himself. Any other honorable senator who may endeavour to twist facts for a similar purpose, will not do credit to the position which he holds in this Parliament.

I do not want that little incident to draw me off the track of one or two things I wish to say on the amendment. I wish to enter upon the discussion of the amendment without heat or anger. I am, perhaps, one who analyzes his own feelings and actions as carefully as does any other member of the Senate. Sometimes I really have to smile under the most cutting criticism. It was quite charming to-night to listen to Senator Keating's attack. I can only put it down to the assumption that possibly my mental make-up and temperament is such that the fates have decided that I shall always be misunderstood. Senator Keating charged me with moving my amendment with a view to delaying the passage of the Bill, and, upon that assumption, he severely criticised my action, though I moved the amendment with a view to expediting the passage of the Bill.

Senator REID.—Senator Keating said that the honorable senator's amendment would lead to endless discussion.

Senator GARDINER.—He said that after I had disclaimed any intention to delay the passage of the Bill. He elaborated his charge that my amendment was moved for the purpose of delaying the measure. If I had been in the humour to delay the passage of the Bill, when the President ruled my amendment out of order, I might have delayed the measure for an hour, or half-an-hour, in discussing whether it was really out of order or not.

I may say that these constitutional amendments are to me so serious and important that I have been inclined ever since the Government introduced them to enable them to get them before the people at the earliest possible moment; but not out of any respect for the Government, because the Government have shown no respect for me. I say deliberately that when the Government were planning this rushing of legislation through at the close of the session, they made me the scapegoat for the passing of a certain standing order. I said at the

time that the expeditious passage of legislation through this Parliament can only be secured by the mutual good-will of parties on both sides. The Government thought otherwise, and decided to use force, and so proposed restrictive Standing Orders. I was biding my time. I knew that it would come when the end of the session approached. Had these constitutional amendments not been submitted, the Government would not have gone a step with their legislation, because we would have tested the existing Standing Orders to see whether the Government had gained anything in securing the despatch of business by the adoption of their new methods. These constitutional amendments have raised questions too serious for party warfare, and the adoption of tactics by which a man might get back some of his own. I was quite prepared to let the Government have these Bills in their own time, and in their own manner. Their time and manner was a proper subject for criticism, and I think that, in the fairest possible way, I criticised the manner in which they introduced these proposals before they had considered them themselves.

Senator NEEDHAM.—They are not sure of them yet.

Senator GARDINER.—That is so, and they have given notice of amendments to alter the form in which they submitted them. Let me get back to the criticism of the amendment now before the Senate, which says that these proposals are unsatisfactory. In what way are they unsatisfactory? Senator Keating argued very ably for the proposition I put forward that the public could not pass constitutional amendments that would be only temporary. The honorable senator was speaking against me, but his argument went to prove that fact.

I direct the attention of honorable senators to the one method by which we can amend the Constitution. It is a very simple method, and, strange to say, there can be no other means adopted for its amendment. The drafting of the Constitution is so definite and clear that when a question is raised as to the powers of the Parliament or of the people to amend the Constitution, it must be settled in accordance with section 128, which reads—

This Constitution shall not be altered except in the following manner.

I ask honorable senators to mark that provision. The section does not say that the Constitution may be altered in any manner, but that it shall not be altered, "except in the following manner." If, then, temporary alterations of the Constitution are not included "in the following manner," I say that temporary alterations are not constitutional.

Senator SENIOR.—That will not do.

Senator GARDINER.—Then I must read the whole of the section, and let us see whether it will do or not. It provides that—

This Constitution shall not be altered except in the following manner:—

The proposed law for the alteration thereof must be passed by an absolute majority of each House of the Parliament, and not less than two nor more than six months after its passage through both Houses the proposed law shall be submitted in each State to the electors qualified to vote for the elections of members for the House of Representatives.

But if either House passes any such proposed law by an absolute majority, and the other House rejects or fails to pass it or passes it with any amendment to which the first-mentioned House will not agree, and if after an interval of three months the first-mentioned House, in the same or the next session, again passes the proposed law by an absolute majority, with or without any amendment which has been made or agreed to by the other House, and such other House rejects or fails to pass it, or passes it with any amendment to which the first-mentioned House will not agree, the Governor-General may submit the proposed law as last proposed by the first-mentioned House, and either with or without any amendment subsequently agreed to by both Houses, to the electors in each State qualified to vote for the election of the House of Representatives.

When a proposed law is submitted to the electors, the vote shall be taken in such manner as the Parliament describes. But until the qualification of the election of members of the House of Representatives becomes uniform throughout the Commonwealth, only one-half the electors voting for and against the proposed law shall be counted in any State in which adult suffrage prevails.

And if in a majority of the States a majority of the electors voting approve the proposed law, and if a majority of all the electors voting also approve the proposed law, it shall be presented to the Governor-General for the Queen's assent.

No alteration diminishing the proportionate representations of any State in either House of the Parliament, or the minimum number of representatives of a State in the House of Representatives, or

increasing, diminishing, or otherwise altering the limits of the States, or in any manner affecting the provisions of the Constitution in relation thereto, shall become law unless the majority of the electors voting in that State approve the proposed law.

Senator BAKHAP.—Is there any mention of a Convention there?

Senator GARDINER.—No; and the Constitution can only be amended by that means. It is so definite on the subject that the section is prefaced by the words—

This Constitution shall not be altered except in the following manner:—

There is no other means of altering the Constitution except that provided in section 128.

Senator SENIOR.—It is a question of manner, not a question of time.

Senator GARDINER.—I venture to say that the finest feature of the Commonwealth Constitution is the clearness of its drafting. Any man who reads it without bias or prejudice, or without trying to twist its provisions to meet what he desires, must see that there is only one manner in which it can be altered, and that no other manner is constitutional. That is the case which I did not elaborate, because I was in a hurry.

I have one or two remarks to make about what Senator Pratten had to say on the subject of price fixing. Senator O'Loghlin's amendment says that these proposals are unsatisfactory, because illusory. Senator Pratten asks whether we would fix the prices of the primary products of this country, and suggested that if we did not fix prices for them there would not be much hope for improving the conditions of the people by securing the power to fix prices. I want to say here and now that, not only would I not fix prices for the primary producer, but I would not fix the price for the man who, by applying labour to material, manufactures goods. But what I would do would be to fix prices to prevent profiteers, or business men, if honorable senators please to so call them, trafficking in things that are needed by the community.

I can give one or two illustrations which may bring home to Senator Reid some idea of who is a profiteer. This is an illustration of a case in which price fixing was effective. The Government with which I

was connected controlled shipping. The Constitution gives us power to do so, and a price was fixed for the freight on each case of fruit carried from Tasmania. The price fixed was 3s. or 3s. 6d. per case. The ships had no right to charge any more than that price. That went on until the present Government came into power, or until their War Precautions Act expired, and what is the price today? It is 7s. 6d. per case. The price of freight immediately went up, and the shipping company got the profits.

Senator GUTHRIE.—The shipping companies did not carry a case of fruit.

Senator GARDINER.—If Senator Guthrie does not know any more of the business than that, let me refer him to honorable senators from Tasmania, who will tell him that the shipping company carried thousands of cases of fruit.

Senator GUTHRIE.—The Commonwealth carried them, because the Commonwealth Government controlled shipping.

Senator GARDINER.—I say that the Government fixed the price for carrying a case of fruit.

Senator REID.—For mail steamers, or cargo steamers?

Senator GARDINER.—It is the usual thing for Senator Reid to try to introduce something which has no bearing on the argument. The fact is as I have stated it.

Senator GUTHRIE.—It is not a fact.

Senator GARDINER.—The night is young, and Senator Guthrie will have plenty of time to speak. If he can refute what I am saying, so much the worse for me. I seldom find interjections contradicting a statement followed up by facts which justify the contradiction: I invite Senator Guthrie to prove that what I have said is incorrect.

Senator GUTHRIE.—The ship-owners had nothing to do with it.

Senator GARDINER.—I know that the Minister for Trade and Customs fixed the price which might be charged for the carriage of a case of fruit, and the ships could not charge a higher price; but immediately the price fixing was removed the freight on fruit soared up. Senator Lynch seemed to think that Mr. Ryan's effort at price fixing had not been effective. He quoted something from a speech by Mr. Ryan, but if he endeavoured to put that gentleman in a false position honorable senators will know how much what he said was worth, in view of his

effort to place me in a false position. What are the facts with regard to price fixing in Queensland? For the first twelve months of the war Queensland was administered by a Liberal Government, but at the election held in May, 1915, a Labour Government came into power, and, even before the House met in July of that year, the new Government had actually appointed Commissioners to fix prices and prevent profiteering. From that date, and so long as the State laws controlled price-fixing, the price of commodities was at a lower level in that State than in any other State of the Commonwealth, but when the Hughes Government came into office in the Commonwealth, and issued regulations under the War Precautions Act, taking over the control of price-fixing, and the Queensland State law was over-ridden by Commonwealth legislation, there came about that rise of 40 per cent. in the price of commodities to which some honorable senators have drawn attention.

Senator SENIOR.—The Queensland Government had control of fish and meat.

Senator GARDINER.—Queensland produces more meat and sugar than any other State does, and by arrangement with the Commonwealth, or otherwise, the Labour Government of Queensland was able to keep down the price of those two products to a much lower level than was reached by other necessities of life.

Senator REID.—I referred to fish. The Queensland Government had nothing to do with the fixing of the price of sugar.

Senator GARDINER.—It was only after the Queensland Labour party had won the election in Queensland that the Commonwealth Government was in a position to arrange for the purchase of sugar. It was the legislation introduced by that party which gave the State Government the power to do it, and it was because of the three-cornered arrangement between the Commonwealth Parliament, the Queensland Parliament, and the sugar companies, that the price of sugar was kept so low.

Senator REID.—It was not because the Queensland Government had the right to fix the price of sugar; it was because they were mill-owners.

Senator GARDINER.—The facts are that, by the agreement entered into be-

tween the Ryan Government and the Fisher Government, we were in a position to enter into an arrangement with the sugar companies, which, when they found that the control was in the hands of the Labour Government, entered very willingly into it. However, it was not until there was a Labour Government in Queensland that such an arrangement could be made.

It was not until the High Court gave its decision in May, 1916, in the Bread case, that the Commonwealth Government were assured that they had the power to fix prices under the War Precautions Act. The decision of the Court was, in itself, a very questionable one. The Bench simply looked at the War Precautions Act, and said that if the Executive which was conducting the war considered that the fixing of the price of bread was essential for the carrying out of the war, then it had the power to fix the price of that article. Of course, prior to May, 1916, when that decision was given, the Commonwealth Government could have gone on fixing the price of everything, but when there was a test case pending it was only common sense not to complicate matters until a decision was given in that case.

Senator Pratten will say, on behalf of the primary producers, that there is not much advantage to be gained by a policy of price-fixing. Within the last four months I have seen the hide of a draught horse sold at 10s. I do not know what its price would be when it reached the leather merchants.

Senator BAKHAP.—What is the value of the hide of a politician?

Senator GARDINER.—I do not know that there is any market value for hides of that description, but if there were any value attached to the politician's hide, Senator Bakhap's life would not be worth a minute's purchase outside, because the hide-hunters would be after him; his hide would certainly be worth having.

Let us see where price-fixing is effective. The Trust which manufactures Big Ben clocks regards it as effective. It issues a circular to its wholesale customers, stating the price at which its clocks must be sold, and pointing out that if any firm sells them at a lower figure, its supply will not be continued.

Senator REID.—Many proprietary companies do the same thing.

Senator GARDINER.—Then, if price-fixing is good for them, and can be carried out by them, surely we can ask in this Constitution Alteration Bill for power to fix and control prices in the interests of the community. Nowadays, with the growth of combines, corporations, and monopolies, an increase of  $\frac{1}{2}$ d. or 1d. in the £1 in the price of any one commodity in every-day consumption means an enormous fortune to the particular combine controlling it. We hear people say that the primary producer gets the increased price of meat.

Senator REID.—Not in Queensland.

Senator GARDINER.—I understand that there is an agreement between the Queensland Government and the American Beef Trust, into which the Trust have gladly entered, to supply the Government with beef at  $3\frac{1}{2}$ d. per lb.

Senator FAIRBAIRN.—Not gladly. They were forced into it.

Senator GARDINER.—I do not say that the Meat Trust are philanthropists. As half the meat consumed in Australia is grown in Queensland, I understand that the meat companies gladly entered into the arrangement to sell the very small quantity required by the Queensland people, which is a mere bagatelle compared with the rest of their output, at  $3\frac{1}{2}$ d. per lb., so long as the Queensland Labour Government would not interfere with their export trade, or trade with the other States.

When I am looking for information, I generally go to an intelligent man in the trade about which I am making the inquiries. Consequently, when investigating the question of fixing the price of beef, I made my inquiries from a most intelligent butcher in Sydney. He assured me that from the time the beast is sold in the sale-yards until it is delivered to the retail shops for sale, there is an increase of 3d. per lb. in the cost of the carcass. On an animal weighing 720 lbs., an increase of 3d. per lb. between the sale in the yards and the delivery to the retail shop means £9 per carcass for the cost of delivery. I am informed that the cost of killing and delivering a beast to the retail shops should be considerably less than  $\frac{3}{4}$ d. per lb.

Senator Colonel ROWELL.—Nonsense! The abattoirs charges in South Australia are  $1\frac{1}{2}$ d. per lb.

Senator GARDINER.—Let us see whether the cost should be  $1\frac{1}{2}$ d. per lb., even at the high rate of wages slaughtermen are receiving. The industrial agreement under which they work in New South Wales provides that the minimum number of beasts each man must deal with in a day is fourteen. The slaughtermen are paid extra wages over and above that number. If the cost of killing is allowed to be 1d. per lb., seeing that the butcher gets £3 to cover the cost of killing a beast weighing 720 lbs., and that fourteen beasts are killed by each slaughterman each day, the consumer is charged £42 for the slaughtering of beasts for which the actual slaughterman is paid the wage of 36s. Honorable senators can clearly see that even if the charge for killing is fixed at one-twentieth of a penny per lb., the butcher is still earning considerably more than is actually paid for killing the beast; and even if we say that the other costs amount to  $\frac{1}{2}$ d. in the lb., that leaves  $2\frac{1}{4}$ d. in the lb. in which a saving could be made on beef out of the 3d. per lb. costs between the sale-yard and the retail shops. We have read the evidence given by the Beef Combine, and we have seen how the Court has indicted members of it for perjury. We know that these companies fix prices at the highest figure they can drag from the people. Therefore, I heartily support the amendment. I rose chiefly on account of the attitude taken up by Senator Lynch, and to show that I was heartily in accord with Senator O'Loghlin in moving his amendment. Now that we have the opportunity to do so, I hope that all honorable senators will support us in sending the Bill to a Select Committee, so that it may be amended in a way that will be creditable to the Parliament that is submitting it to the people.

*Sitting suspended from 12 (midnight) to 1 a.m. (Friday).*

Senator MULCAHY (Tasmania) [1 a.m.]—My reason for speaking at this early hour in the morning is the importance of the matter with which we are dealing. My attitude in the past towards the special proposition embodied in this Bill has been of such a character that it is desirable that some explanation should be made. The proposal to amend the Constitution contained in the present Bill was submitted to the electors of

the Commonwealth in, I think, April, 1911. A year prior to that the people of Tasmania, in conjunction with those of the other States, had returned a Parliament which gave the Labour party a very substantial majority to administer the affairs of the Commonwealth. In the State of Tasmania a very substantial majority has returned Senator O'Keeffe and his two colleagues, and the Liberal candidates were defeated. Twelve months later a proposal, similar to that in the Bill, was submitted to the electors of Tasmania and of the other States by the party which had been returned to power. It is significant to note that a substantial vote was recorded in Tasmania in opposition to that proposal. That must not be forgotten, and it will not be forgotten by men like myself, who took a very active part in inducing the people to oppose the constitutional amendments proposed at that time. It is not a matter of wishing to be consistent, but of explaining to one's constituents the different circumstances of to-day compared with those of 1911. At the time of which I am speaking, those opposing the amendments were to those supporting them as three is to two, and such a majority in a small State like Tasmania, of approximately 9,000 electors, is very important. I am not going to say what the electors of Tasmania will now do in regard to this temporary proposal, but I am prepared to state, both for the information of the Government and of any one who takes an interest in the matter, exactly what I think. It is quite within the powers of this Parliament to introduce a Bill to temporarily amend the Constitution in the way proposed, notwithstanding what honorable senators opposite may say. The Constitution is only primarily amended by this Parliament; it is the people of Australia who do the real work. The electors either accept or reject an amendment of the Constitution. It is the people who are to be called upon to say whether they are prepared to try an experiment for three years, or whether they will not do so. If they decide to make the experiments now proposed, they will be committing themselves for a term of three years, when the alterations will automatically cease to have effect unless in the meantime some permanent arrangement has been come to. If they do not desire to make the experiment, that is

their own responsibility, and I cannot see why they should not be allowed to determine the question for themselves. What is the supposed justification for the amendment? Irrespective of party politics, there is the unanimous feeling that profiteering is in our midst. I do not wonder at honorable senators asking for a definition of "profiteer," as up to the present no proper definition has been given. Owing to the very high prices, it is easy for the public to believe that it is being robbed and that excessive profits are being made, not only in the principal cities, but in all the towns throughout the Commonwealth. I have made some inquiries, not only in regard to the business of which I may claim, after forty years' experience in the softgoods trade, to have some knowledge, but also in other directions. I have confined my inquiries particularly to the softgoods trade, and I do not intend offering an expression of opinion as an expert in regard to other trades, although I may be justified in so doing, as an ordinary business man. At present an inquiry is being conducted by a Royal Commission appointed by the Government of Victoria, and it is not for me to disparage the methods adopted by that inquiry, although it is considered by many that the investigations are not being carried out by the right men. All investigations relating to commercial matters should, I think, be made by business experts. On the first day on which the Commission sat, one of the facts elicited from a Government expert was most interesting. He informed the Royal Commission that when eggs were scarce in the country they were dear in the city, and that when they were plentiful in the country they were cheap in the city. What a wonderful discovery! All over the world articles are being sold at a higher price than they were bringing five years ago. Could we expect anything else after five years of destruction such as the world has never witnessed before? Material of every description has been destroyed, and labour diverted from productive work to the manufacture of engines and weapons of destruction. Such a diversion of labour impoverished manufacturers, and resulted in a scarcity of material and labour required in the manufacture, not merely of the requisites necessary for comfort, but of those

required for human existence. The world has been depleted of its stocks of raw materials and of manufactured articles. Prices have risen to an alarming extent, and, perhaps, more in the softgoods trade than in any other business.

Senator GUTHRIE.—The tailor is the profiteer.

Senator MULCAHY.—I have not time to go into the matter fully at this hour. I was, however, hoping to have the opportunity during the session of placing some very interesting facts before the Senate. I have travelled from one end of Flinders-lane to the other, and have inspected some of the balance-sheets of the firms I am acquainted with. It has been my privilege to discuss this matter with business men whom I trust and men who trust me. Speaking generally, profiteering always exists and will exist in the future; but in the softgoods trade in Melbourne, whether in Flinders-lane, Collins-street, Bourke-street, Collingwood, or Prahran, it is always kept reasonably well in hand by keen competition. There is no such thing as a Ring or a Combine in the softgoods trade, so far as I can ascertain, though some of the trade conditions are anomalous and interesting. It is not my intention to go into the question at great length, but I would like honorable senators to be acquainted with one or two facts that I have ascertained. The Commonwealth have established a fine woollen mill at Geelong, and whilst I have amongst my friends people who speak in derogatory terms concerning Government activities they are prepared to admit that the material turned out by that mill is remarkably good and well finished, and is supplied at a very low price to the Government. That mill, however, has not to make a profit on its turnover, and it is not conducted by men who have to make their living out of the business. That material goes to another Government factory—which also is under the control of the Acting Minister for Defence—where it is manufactured into clothing. The establishment is well managed from beginning to end, and the whole business is carried on in a most satisfactory manner. The Commonwealth Clothing Factory is really a model establishment. Every machine is up-to-date; every operator is able to earn a first-class wage. I was told that very

few of the women operators earn less than £3 per week. Senator Bakhar and I went through the factory together, and we found that the Commonwealth, operating in this way and under these circumstances and conditions, is supplied with a suit of clothes, well made of woollen material, for 29s. 4d. No firms in Flinders-lane can supply clothes at that price, because they are unable to get the materials in England at within 50 per cent. of the price at which they are supplied to the Defence Department through its own factory and mills.

Senator Lt.-Colonel O'LOGHLIN.—That is an argument for nationalizing the industry.

Senator MULCAHY.—It is an acknowledgment of success in that line. It would not pay any firm in Flinders-lane having an up-to-date manufacturing plant to sell a suit at less than, approximately, 10s. more than the price at which the Defence Department is being supplied, because a private firm must show a profit for those who have invested their money in the business; otherwise it could not carry on. Another consideration is that the Government carries no bad stock. If a misfit occasionally happens the factory has only to call upon its customers to come along. The private manufacturer, on the other hand, must wait for its customers to come, and must take the chance of a colour going out of fashion or of a particular material which he has not got being in demand. Materials are being imported by Flinders-lane merchants from the northern part of England, chiefly Yorkshire and Lancashire, at a cost three times as high as the price at which the same materials were being sold here to their customers. I could exhibit a material which was sold within my own knowledge by a firm five years ago at 3s. 9d. per yard, and which to-day is priced at 9s. 6d. in Yorkshire. Very often the public think they know more than they actually do as to the cost and value of materials. I have stood behind the counter long enough to be told thousands of times by lady buyers what certain materials had cost me. I could only pity their ignorance. The wife of a legislator told me a little time ago that she had gone into a shop and bought material which had been on the shelf for three years, at three times the price she had paid for it before. Fancy a woman being able to identify a piece

of material she had seen on a shop shelf three years earlier! Still the public believe that profiteering is going on, and they demand that the Legislature shall put a stop to it. No argument that I could advance on a Tasmanian platform or elsewhere would convince the people that they are not being fleeced to some extent. There is always some profiteering taking place. If you go into a man's shop and take up a certain piece of material you may find that he is making on that particular article what may seem a very big profit. But his trade is not confined to that piece of material; he has to sell all his materials, and if you would arrive at his real profit you must take the profit on the whole turnover.

Senator GUTHRIE.—That means that very often a man's pants have to pay for the loss on a woman's hat.

Senator MULCAHY.—More often the reverse is the case—a woman's hat has to pay for a man's pants. The hat is usually loaded with a very large profit, for it is a risky article to sell. You may make a lot of money out of millinery, but you may just as easily lose a lot.

The justification for this Bill is the fact that all over Australia the public are imbued with the idea that profiteering to an unlimited extent is taking place. Inquiry is being made into the conditions of trade and industry, but not by men who really know what they are doing. They have not sufficient knowledge of the wholesale and retail business. For instance, the Commissioners in Melbourne have recommended that the prices of boots shall be fixed. Has any honorable senator ever been in the sample room of a large boot factory, and noticed how many varieties of sizes, shapes, and colours are on view?

Senator NEEDHAM.—And shoddy leather.

Senator MULCAHY.—There is some shoddy leather, because there are always people who want it. There are people who always buy the lowest-priced article, and if one shop does not stock it they go to another that does. The permanent fixation of prices is practically impossible. I am reminded of the celebrated utterance by Abraham Lincoln, "You can fool some of the people all the time, and all of the people some of the time, but you cannot fool all of the people all the time." Applying that to price fixing, I admit that it is

possible sometimes to fix the prices of some things for a short time, but the fixing of prices of all things for all times is an absolute impossibility.

Senator GUTHRIE.—Does not the honorable senator think that Flinders-lane fixes prices?

Senator MULCAHY.—Each warehouse fixes its own prices. There is as keen competition in softgoods in Flinders-lane, Bourke-street, Collins-street, Smith-street, and Chapel-street as there has ever been at any time in the history of Melbourne. That arises from the fact that the prices are high, and any man who can bring his prices a little below those of his competitors is very ready to do so. The idea of there being profiteering in softgoods is absurd when there are so many thousands of people competing in business as there are in Melbourne and Sydney. I find that reels of cotton which I used to retail at 1½d. each are now being sold, wholesale, without any profit, at 5s. 3d. per dozen.

Senator GUTHRIE.—And every Flinders-lane merchant quotes the same price for them. I refer particularly to Coates' cotton.

Senator MULCAHY.—Reel cottons are supplied by one big Combine in England. I am not arguing that there are no Combines in existence, or that there is no profiteering; but I declare that it does not exist in Melbourne in the particular trade that I know to anything like the extent that is generally supposed. Profiteering is taking place in Great Britain, and it is very interesting. Most people think that the man who is selling is the profiteer. It is not to be expected of human nature that when a man has more customers than he can supply he will not raise his prices. What I have mentioned as having happened in regard to eggs is happening in regard to woollen materials. People in "the Lane" to-day are trying to place orders in Great Britain for materials, and are receiving a cabled reply, "Try next year." At the Commonwealth Clothing Factory we found that orders for £20,000 worth of stuff had been declined because they could not be fulfilled.

Senator GUTHRIE.—Let us get more machinery.

Senator MULCAHY.—I am speaking of, amongst other things, material for trimming, which could not be supplied for months. While the present state of things continues at Home,

and while we have to import most of our textile fabrics from abroad, as we shall have to do for some years, the manufacturers can command whatever prices they like; and, as I have already stated, in some cases the price abroad to-day is three times higher than that at which the material was being sold in Melbourne to the ordinary trade.

It is the general feeling amongst the community on the subject of profiteering which, exaggerated though it be, justifies us, first, in notifying the people of what every honorable senator knows to be correct, viz., that the Commonwealth Parliament is not to-day endowed with powers to determine prices; and, secondly, in asking the people to give us those powers for three years at most, and we shall exercise them. I believe that very little will result from the granting of these additional powers to the Commonwealth, but the public are demanding that this be done, and it is they who will have to pay. They must be satisfied with the failure or success which attends the operation of the new laws. I am afraid they will be characterized much more by failure than by success. Already the Tasmanian Parliament is considering a Bill to deal with necessary commodities, and before the measure is half way through the Lower House the tone of doubt in the speeches of honorable members indicates that they have very little hope of its proving successful. Prices can never be fixed until they can be prevented from falling. I am not disparaging the farmers of Tasmania when I mention as an instance of profiteering that they are now accepting from £23 to £25 for the potatoes that they are able to send to Sydney. Who is going to blame them if they take it, because in former years, when they have over-produced, they have had to accept as low as 25s. per ton, and at times the price was so low that they allowed the potatoes to rot in the ground. I am not going to commit myself to recommend these Bills to my constituents. I intend to explain to the people, as clearly as I can, what I think will be their result. I know this will not be a popular thing to do, because if I address an audience of 400 or 500 people and try to explain that profiteering is not so pronounced as is generally believed, they will not accept my statements absolutely. This will not be a popular thing to do; but, in my opinion,

Senator Mulcahy.

it will be the right course to adopt. Quite recently a gentleman who has since become a prominent public man stated, without any evidence to support him, that Commonwealth serge costing 7s. 4d. is being retailed over the counter at 25s. a yard. There was not an atom of truth in it. No local serge was sold at that price. It is quite possible that British serge was being sold at 27s. a yard, and it is possible also that it was not much better in quality than serge manufactured in Australia; but it is likely that those who were selling it at 27s. a yard could not sell it at a lower figure. It is surprising what prices are being obtained for textile goods in England, and I may remind honorable senators that British manufacturers do not want our orders. How are our people to live unless they get material to sell?

Senator GUTHRIE.—Make it ourselves.

Senator MULCAHY.—It will take a very long time to do that, because the range of materials obtainable in Australia is very limited, and a thousand and one fabrics are wanted by the community. I have often heard the question asked, "Why do we send so much of our 'wool Home'?" We do that because it will be 200 or 300 years, at the present rate of progress, before we shall have a population large enough to utilize all the wool grown in Australia. It is a very good policy to urge that we should make up as much of the material as possible, but the man who thinks we can make every fabric required in Australia does not know much about the trade. It is impossible to do this. Take, as an illustration, the smallest garment one wears. For a vest, the material for the buttons comes from one place, the buttons are made in another, the linings in another, the fabric itself elsewhere, and it is probable that the material for the woollen cloth is produced in half-a-dozen different places.

Senator GUTHRIE.—And the Commonwealth Woollen Mills is doing everything in one establishment.

Senator MULCAHY.—Yes, with regard to one particular class of material, a loosely woven tweed. I wonder if the honorable senator himself is wearing an Australian suit.

Senator GUTHRIE.—Yes, I am.

Senator MULCAHY.—I am very glad to hear it. I am endeavouring to show that honorable senators on both sides are acting very inconsistently. My honorable friend Senator O'Keefe some years ago advocated the adoption of these particular measures. I do not know how his vote is going in regard to this Bill, but judging from the tone of his remarks—

Senator GARDINER.—They are not the same measures. Surely you will not say they are.

Senator MULCAHY.—They may not be quite identical; but still there is nothing in this Bill that Senator O'Keefe did not recommend in 1911.

Senator O'KEEFE.—I certainly would like to have an opportunity of recommending these Bills if they were the same as the measures in 1911.

Senator MULCAHY.—I do not want to cross swords with individual honorable senators in this matter, but I do think that my honorable friends opposite are showing a great deal of inconsistency, for they are opposing Bills which they so strongly advocated a few years ago.

Senator Lt.-Colonel O'LOGHLIN.—We want to restore them to the position they occupied then.

Senator MULCAHY.—Honorable senators have also complained of the limited time allowed for dealing with this most important matter, and yet the Leader of the Opposition (Senator Gardiner) has introduced an amendment of an absolutely revolutionary character, and wants it dealt with in the same time.

Senator GARDINER.—I do not. I do not mind sitting here until Christmas to deal with this matter. I am not in a hurry.

Senator MULCAHY.—So far as I am concerned, if I thought these proposals were the same as those introduced in 1911, I would oppose them very strongly again.

Senator O'KEEFE.—And I would support them.

Senator MULCAHY.—And I will give the honorable senator credit by saying that I believe he would support them just as conscientiously as I would oppose them. But I remind honorable senators that one feature in the general policy of the Labour party is an acknowledgment of public opinion as evinced at the ballot-box, and that these proposals were turned down in

Tasmania by about 33,000 or 34,000 votes to 23,000 or 24,000. That should be a sufficient reason for my honorable friends not to endeavour to foist them on the people again.

Senator O'KEEFE.—But you have said that they are different now, and that is why you are going to support them.

Senator MULCAHY.—I say that I am going to allow the Bills to pass, but I am not pledging myself to recommend the amendments of the Constitution. I intend to give my opinion as judicially as possible, regardless altogether of party considerations as to their probable effect. The people are clamouring for something to be done to stop profiteering, which they think exists, and these measures ask the people to give the Commonwealth Government power to deal with the profiteer. They are not obliged to accept the amendments if they do not want them. It is hard to prove charges of profiteering, because what is believed to be profiteering is sometimes really the result of a depletion of stocks of material owing to the war, and a serious dislocation in manufacturing industries. I hope we may now get to a division on the Bill. It has been said that these measures are being rushed through. I am not partial to hasty legislation, but I think it is right that we should pay some respect to public opinion just now. I think also that it is expedient and in the interests of Australia that an entirely new Parliament should set about the extremely difficult work that will have to be done during the next few years. We shall have to deal with a serious financial situation, and, I think, must be prepared for increased taxation.

Senator O'KEEFE.—The Government, with a majority in both Houses, ought to be doing that now.

Senator MULCAHY.—After the elections, honorable senators opposite may have an opportunity of dealing with this matter.

Senator GARDINER.—And we will take full advantage of it.

Senator MULCAHY.—The action I am taking in regard to this Bill is, I believe, in the interests of Australia. The people of my State have a right to say whether they approve of these measures or prefer to be careful. Tasmania, associated, not geographically, but federally, with the larger and more important

States, which have much more representation in the other branch of the Legislature, is justified all the time in being exceedingly cautious. My honorable friend, Senator Bakhap, was, no doubt, quite justified in his attitude towards the Bill. That is his lookout, not mine. I intend to allow both Bills to pass, and to explain the position to the people of Tasmania.

**Senator BAKHAP** (Tasmania) [1.45 a.m.].—I shall not delay the Senate for more than a few seconds. With that part of the amendment which says that the present proposals are unsatisfactory, I cordially agree; but the amendment is so redundant, and proceeds to emphasize the necessity of amending the Constitution so substantially—a necessity which I do not acknowledge or concede—that I cannot consistently, notwithstanding my opposition to the measures before the Chamber, leap, so to speak, from the “frying pan into the fire.” I must, therefore, oppose the amendment.

Question—That the words proposed to be left out be left out (Senator O’LOGHLIN’s amendment)—put. The Senate divided.

Ayes .. .. .. ..	5
Noes .. .. .. ..	21
Majority .. .. .. ..	16

AYES.

Gardiner, A.	O’Loghlin, Lt.-Colonel
Maughan, W. J. R.	Teller:
O’Keefe, D. J.	Needham, E.

NOES.

Bakhap, T. J. K.	Mulcahy, E.
Bolton, Lt.-Colonel	Newland, J.
Buzacott, R.	Plain, W.
Crawford, T. W.	Reid, M.
de Largie, H.	Rowell, Colonel
Fairbairn, G.	Russell, E. J.
Givens, T.	Senior, W.
Guthrie, R. S.	Shannon, J. W.
Henderson, G.	Thomas, J.
Keating, J. H.	Teller:
Lynch, P. J.	Earle, J.

PAIRS.

Barnes, J.	Foll, H. S.
Guy, J.	Pearce, G. F.
McDougall, A.	Pratten, H. E.

Question so resolved in the negative.  
Amendment negatived.

Question—That the Bill be now read a second time—put.

**The PRESIDENT** (Senator the Hon. T. Givens).—There being only one “No,” the question is resolved in the affirmative.

**Senator BAKHAP.**—On a point of procedure, I wish to draw attention to the fact that section 128 of the Constitution provides—

This Constitution shall not be altered except in the following manner:

The proposed law for the alteration thereof must be passed by an absolute majority of each House of the Parliament.

The motion for the suspension of the Standing Orders, if I may trust my memory sufficiently, is to the effect that so much of the Standing and Sessional Orders be suspended as will enable the Bill to be passed through all its stages without delay. Therefore, Mr. President, I respectfully contend, and ask your ruling on the point, that as the Bill has to be passed through all its stages, the words “through all its stages” must be inferred and implied to exist after the word “passed.” I claim, subject to your ruling, of course, that an absolute majority must be ascertained and declared on a division, and that a division is necessary in connexion with the motion that has just been put. I respectfully ask your ruling on the point.

**The PRESIDENT** (Senator the Hon. T. Givens).—The position that has been consistently maintained and upheld by Parliament, and, so far as I know, by all constitutional authorities, is that this Chamber is not the interpreter of the Constitution, and cannot be the interpreter of it, with regard to whether a Bill is or is not within the competence of Parliament, or as to whether this Parliament has power to pass legislation of any kind; but it is within the competence of this Parliament, and it is its duty to interpret the Constitution in so far as its procedure is laid down in the Constitution. The only provision in the Constitution which deals with Bills of the character now under discussion is that they must be passed by an absolute majority of the whole House. The passing of a Bill is its third reading. It has never been contended, so far as I know, that in the case of the first reading, the second reading or any amendment to the second reading, or on any clause in Committee, it is necessary to have an absolute majority. All that is necessary is that for the final passing of the Bill there shall be an absolute majority, otherwise it cannot pass in a constitutional sense. Therefore, if my ruling

is insisted on, I must rule that it is not necessary at each of the preliminary stages of the Bill to have an absolute majority, that being necessary only on the final passing. However, even if an absolute majority were required on the question now before us, there is far more than an absolute majority of the whole Senate present; and as there is only one dissentient voice, I declare that the second reading has been carried by more than an absolute majority.

Bill read a second time.

*In Committee:*

Clause 1 agreed to.

Clause 2—

Section 51 of the Constitution is altered by omitting from paragraph (i.) the words "with other countries, and among the States", and by adding at the end of paragraph (i.) the words "Provided that the alteration of this paragraph by Constitution Alteration (Legislative Powers) 1919 shall not be construed to empower the Parliament to make laws with respect to the control or management of railways the property of a State, or the rates or fares on such railways."

**Senator GARDINER** (New South Wales) [1.56 a.m.].—I move—

That all the words after the word "States", line 3, be left out.

If these words are struck out, this Bill will be identical with the measure which the Labour party introduced on various occasions. There are very good reasons why the words should be struck out, and an opportunity given to the managers and employees of the railways to having their industrial disputes settled by the Federal Arbitration Court. I know that some senators and others claim that the Commonwealth should not interfere with the State management of the railways; but I take it that this amendment does not interfere with the functions of the Governments of the States. When the State Governments come out into the open and carry on an industrial concern, an appeal to arbitration in their case is, to my mind, quite on a level with an appeal in the case of a private employer. The reason I am so much in earnest on this matter is that, since the Bill was introduced, I have met a deputation representing the secretaries of all the Federal Unions of Australia. That deputation handed to me another amendment, which I shall move later on; but if the amendment which I have now moved be carried, it will be an indica-

tion that this Parliament will insist on settling industrial disputes on the State railways by Federal arbitration, and it will prove an effective means of obviating such disturbances as have recently occurred in Great Britain. The railway employees in Australia are at present backed by all the organized unions of the country. I do not say that as a threat, but mention it as a fact within my knowledge. Further, I think that Parliament ought to put itself in line with the industrial organizations of Australia, and before evil arises, do what Mr. Lloyd George and his Government have been compelled to do in Great Britain. When the trouble arose in Great Britain from one end to the other, the Government had to give way. The union representatives to whom I have referred waited also on Senator Russell, and put their proposals before him. They asked that they, in the course of their State employment, should be permitted to come under the same provisions in respect of arbitration as persons in private employ. They held that it was only their right that they should be able to appeal to the Commonwealth Arbitration Court. Although the various railways are within the sole control of the State Governments, it is an undoubted fact that a dispute involving a strike of railway men in any one State interferes with railway transit in neighbouring States. Victoria cuts railway communication between New South Wales and South Australia; South Australia divides rail communication between Victoria and Western Australia; New South Wales separates railway communication between Victoria and Queensland. I ask honorable senators to concede to the railway employees of the Commonwealth that which is no more than their right.

**Senator RUSSELL** (Victoria—Vice-President of the Executive Council and Acting Minister for Defence) [2.3 a.m.].—This Bill does not amount to a proposal for the consideration of the merits or demerits of our Constitution. No such pretensions are made in its behalf. The Government has pledged itself to call together a Convention. That body will probably take months to properly consider the Constitution, and the necessity for amending it in various directions. At that Conference, not only may the case of the railway men be considered,

but the interests as well of every industry within the Commonwealth. Consideration so comprehensive is bound to take time, and it was with an idea of avoiding the necessity for having to give extensive consideration, when there was so little time available, that the Government decided to seek the amendment of the Constitution in the terms of the Bill before the Senate. Australia, like almost every other country in the world, is in a stage of transition following upon a time of war. Australia is going through her period of trial and turmoil. Two facts stand out prominently, namely, a condition of industrial unrest, and the necessity for dealing with profiteering. This measure is intended to grapple only with those two things. Greatly to our disappointment, it appears that the world will not settle down to normal conditions of industrial and commercial life as quickly as had been hoped.

I am not prepared to accept any amendment of the Bill.

**Senator O'KEEFE** (Tasmania) [2.5 a.m.].—If any further arguments were required in support of Senator Gardiner's amendment they are furnished by the remarks of the Minister. He claims that the reason for urgency in dealing with this measure lies in the fact that there are two outstanding facts in the life of the people to-day. He holds that it is necessary to hastily pass legislation so that the Government may be given power to end profiteering and settle industrial unrest. There is just as great a possibility of industrial strife developing among the railway workers of the Commonwealth as among any other section of the industrial community. A railway dispute in any one State may create chaos over the whole of Australia. The railway workers rightly feel that they are being unjustly treated in that they are excluded from such benefits as may be available through the Commonwealth Arbitration Court. I know that I am voicing the sentiments of nine-tenths of the railway workers in the State which I represent when I say that they desire to be placed within the scope of the Commonwealth Constitution. They do not wish to be at the mercy of any State Legislative Council, nominee or otherwise.

**Senator EARLE** (Tasmania) [2.10 a.m.].—I fully expected that some honorable senators opposite would move just

such an amendment as Senator Gardiner has presented. I know that the railway employees desire to come within the jurisdiction of the Commonwealth Arbitration Court; and with that desire I have a great deal of sympathy. Public employers, State or municipal, should set an example to private employers with regard to remuneration and treatment of employees generally. This Bill, and another which has been introduced, are practically the outcome of a Conference representing the whole of the States. It is reasonable to suppose that if the compact entered into at that Conference is honoured there will be unanimity of action when the referendum is submitted to the people. Such unanimity should insure the indorsement of the people with respect to the proposed amendments to the Constitution. Some honorable senators profess to believe that serious commercial robbery is going on, and that there is danger of an outbreak of industrial strife which could not be dealt with under the Constitution to-day. They are now taking action, however in supporting Senator Gardiner's amendment, which, if they are successful, will almost certainly insure the defeat of the efforts of the Federal Government to ameliorate industrial conditions. If honorable senators insist upon the breaking of the compact agreed to at the Conference of State representatives, they will be responsible for the possible rejection of the proposals to amend the Constitution. Thus the profiteers would be left to pursue their activities unhindered by Federal authority, and industrial unrest might well develop into strife.

**Senator O'KEEFE**.—You spoke of a compact, but the Premier of Tasmania has wired to Tasmanian members here that he is opposed to certain things in this Bill.

**Senator EARLE**.—The Bill, when slightly amended, will, according to the legal Advisory Committee, give the Government only sufficient power to deal with profiteers, and to prevent, so far as they can, industrial trouble within a State, or, if they cannot prevent it, to end it. I can reasonably rely upon the Premier of Tasmania to support a measure which will give that power to the Commonwealth, because he, and I believe all the other Premiers, admit that, if that is the only power the Commonwealth

wants, it has a right to it. If the Premier of Tasmania disagrees with that, then I disagree with him.

Senator O'KEEFE.—He will fight it.

Senator EARLE.—I do not think so. I have enough confidence in the intelligence of the electors to believe that these Bills will be carried by a substantial majority; but, if the amendments which are now sought to be made—I am not arguing against their merits—are included, we will lose what we have every reason to believe that we will otherwise get, and remain in the helpless position we have occupied so long.

Senator NEEDHAM (Western Australia) [2.18 a.m.].—The very arguments adduced by the Minister and Senator Earle prove conclusively that Senator Gardiner's amendment should be carried. Senator Earle said that a Conference of representatives of the States had been held and had come to a certain determination. I question the quality of that representation. None of the railway workers of Australia was represented at the Conference, and none of the railway organizations was consulted by the Premiers before they came here and gave us this promise. It is false to say that a compact has been entered into when the very men affected were not consulted or represented at the Conference. Senator Earle expresses sympathy with the request of the railway men; but his sympathy is of no use unless the amendment is carried. There has been no compact, so far as those men are concerned. We now learn from Senator O'Keefe that the Premier of Tasmania is opposed to certain matters in the Bill, even after the compact has been entered into. I believe that Mr. Holman, Premier of New South Wales, is an even greater man than Mr. Lee, and according to Mr. Holman's statements as published in the New South Wales press during the last few days, he is going back on the compact also. When these Bills go before the people, I believe they will find no stronger opponents than Mr. W. A. Holman, Premier of New South Wales, and Mr. Lee, Premier of Tasmania. Senator Russell stated candidly yesterday that he is in sympathy with the inclusion of the railway men; but both he and Senator Earle tell us that if we include them, we smash the Bill. We can

take that statement for what it is worth. We wish to preserve industrial peace in Australia; but there is no better invitation for an industrial upheaval than the exclusion of the railway men from the benefits of the Bill. I have received a telegram from the general secretary of the Railway Association of Western Australia, asking me to do my best to see that the railway men are included.

Senator Lt.-Colonel O'LOGHLIN.—I have the same from South Australia.

Senator O'KEEFE.—I have learnt since I spoke that the same thing has come from Tasmania.

Senator NEEDHAM.—Those statements support my argument. Surely the general secretary of the railway men of Western Australia knows what he is doing. He would not send that telegram without the consent of his executive, and the executive would not give their consent without the consent of their members. In the circumstances, I want, not Senator Earle's sympathy, but his practical assistance to carry the amendment. Senator Russell, if he were a free man, would be with us, because his sympathies are with the railway men.

Senator RUSSELL.—I did not pin myself down. I said I believed the amendment would be fatal to the measure.

Senator NEEDHAM.—Are not the railway men to be considered as well as this alleged attempt to kill profiteering? I call it "alleged" because the Government will do nothing. Surely we want to preserve industrial peace. I have always striven for it. I have suggested to men on strike to go back to work, and to men about to strike not to strike. I am not here to make threats, but I say advisedly that the rejection of the amendment will be extending a deliberate invitation to the railway men of Australia to plunge the Commonwealth into industrial strife. It only needs one State, or portion of one State, to take certain action, and we shall have industrial chaos. The profiteer for the time will be out of the question, because transportation will be stopped at once. I hope this will not take place, and I am not advocating it. I urge the Committee to accept the amendment, and bring us back exactly to where we were when we were a united Labour party seeking these powers from the people. The Prime Minister (Mr. Hughes) on that occasion advocated the principle of

this amendment. He said it was imperative that the railway men should be included in order that Australia might not be brought into the meshes of a great industrial dispute.

Senator NEWLAND.—Did you not say, "To Timbuctoo with arbitration"?

Senator NEEDHAM.—I did say it in Perth, but that was on a different occasion, and I referred to quite a different Court.

Senator KEATING (Tasmania) [2.26 a.m.]—I have an amendment to submit which should precede Senator Gardiner's amendment.

Senator GARDINER.—I ask leave to withdraw my amendment temporarily.

Amendment, by leave, temporarily withdrawn.

Senator KEATING.—I move—

That after the word "by", line 1, the following words be inserted: "inserting after paragraph 1—'1 (a) for the period of time provided in Constitution Alteration (Legislative Powers) 1919, trade and commerce. Provided that the insertion of this paragraph'".

Then would follow the words of the proviso now appearing in the clause. It will be a much clearer and cleaner method of amendment if the new proposals are super-added to the existing provisions of section 51 of the Constitution, and their duration is clearly expressed in the amendment itself. The period of their duration will then be obvious, and at its conclusion they will automatically terminate. In addition, there will be no doubt as to our retaining our existing powers. Since I dealt with this matter on the second reading, I have had the benefit of a conversation with Sir Robert Garran, the Solicitor-General, who is one of the legal advisory Committee of the Government, in connexion with this Bill.

Senator EARLE.—All you want is provided in clause 6.

Senator KEATING.—I pointed out before that that was clumsy, and its effect very doubtful. Sir Robert Garran does not agree with me as to the necessity for taking the course I am now following, but a draftsman invariably adheres as long and as strongly as he can to his own form of drafting. One of the arguments he used in our discussion was that, if, for instance, "the 31st December, 1922," was put into my proposed provision in section 51, it would certainly mark the furthest limit of the duration of the amendment. He pointed out that under clause 6 of

this measure the proposed alterations, if made in our Constitution, will remain in force—

(a) until the expiration of three years from the assent of the Governor-General thereto; or

(b) until a Convention constituted by the Commonwealth makes recommendations for an alteration to the Constitution, and the people indorse those recommendations,

whichever first happens, and shall then cease to have effect.

Sir Robert Garran argued that under the proposal which I have outlined I would be providing the maximum limit of time during which the amendments should operate. At that stage my idea was that we should insert before each of these amendments the words "for a period of time not extending beyond the 31st day of December, 1922." I now recognise that it would, perhaps, be better to provide the time limit that is contained in clause 6 of the Bill. It will then be manifest to everybody that the operation of the amendments is to be limited either to the three years provided in the Bill, or until the acceptance by the people of amendments drafted by the proposed Convention. To my mind, it is eminently desirable that we should make that point clear, and also that the proposed amendments should be kept separate from the existing provisions of our Constitution. Then, when they cease to operate, we shall not lose one whit of the powers that we already possess. Sir Robert Garran said that he does not consider that the question of whether, when these amendments cease to operate, we should, *ipso facto*, revert to our present position, is arguable. That, however, does not settle the matter. The High Court might readily think that the question is not merely arguable, but that the position which I have suggested is quite tenable. Certainly, if we follow the course that I have indicated, the amendments will be kept quite distinct from the existing provisions of our Constitution. The fact that their duration is limited to a specific period will also appear upon their face. In addition, there can then be no possible doubt that when these amendments disappear from our Constitution, we shall revert to our present position so far as our legislative powers are concerned. For these reasons, I have every confidence in submitting the amendment to the favorable consideration of honorable senators.

**Senator RUSSELL** (Victoria—Vice-President of the Executive Council and Acting Minister for Defence) [2.35 a.m.].—I regret that I am unable to accept the amendment, because I am quite satisfied that Senator Keating is actuated by a genuine desire to improve the drafting of the Bill. But I have obtained competent legal advice in respect of this matter, and I am assured that there is no real principle involved in the amendment. I have full confidence in our professional draftsmen, and upon a constitutional measure such as this I do not feel justified in departing from their recommendations, especially when I am not too clear as to what would be the effect of the amendment. Consequently, I ask Senator Keating not to press his proposal. At the same time, I desire to express to him my thanks for the advice which he has tendered upon this matter.

Question—That the words proposed to be inserted be inserted (Senator KEATING's amendment)—put. The Committee divided.

Ayes .. . . . .	4
Noes .. . . . .	23
Majority .. . . .	19

AYES.

Teller:

Bakhap, T. J. K.

NOES.

Keating, J. H.  
Mulcahy, E.  
Pratten, H. E.

Bolton, Lt.-Colonel  
Buzacott, R.  
Crawford, T. W.  
Earle, J.  
Fairbairn, G.  
Gardiner, A.  
Givens, T.  
Guthrie, R. S.  
Henderson, G.  
Lynch, P. J.  
Maughan, W. J. R.  
Needham, E.

Newland, J.  
O'Keefe, D. J.  
O'Loghlin, Lt.-Colonel  
Plain, W.  
Reid, M.  
Rowell, Colonel  
Russell, E. J.  
Senior, W.  
Shannon, J. W.  
Thomas, J.  
Teller:  
de Largie, H.

Question so resolved in the negative.  
Amendment negatived.

Amendment (by Senator GARDINER) again proposed—

That all the words after the word "States," line 3, be left out.

**Senator Lt.-Colonel O'LOGHLIN** (South Australia) [2.44 a.m.].—I intend to support the amendment of Senator Gardiner. Having failed to carry the broad proposal which I outlined upon the second-reading discussion of this measure—a proposal which I regard as furnishing the

only satisfactory solution of this constitutional problem—I am now out to get as much as I can. Upon two previous occasions I supported the proposal which is now under consideration, and I am proud to say that South Australia not only indorsed it, but carried the whole of the proposals of the Labour party in regard to amendments of our Constitution. I am surprised at the attitude which has been adopted by Senator Earle, who seems to think that this Bill is to be submitted to the State Premiers and the State Legislatures for their approval.

**Senator EARLE.**—I did not suggest anything of the kind, and the honorable senator did not understand me to do so.

**Senator Lt.-Colonel O'LOGHLIN.**—The honorable senator evidently thinks that the support of the State Premiers and State Legislatures is necessary to carry this Bill.

**Senator EARLE.**—Judging from past experience, we require further assistance.

**Senator Lt.-Colonel O'LOGHLIN.**—May I point out to the honorable senator that half the State Premiers are opposed to this Bill, and that the States which they represent contain a majority of the population of the Commonwealth. But how often have we succeeded in carrying proposals in opposition to the State Premiers and the State Parliaments? Have honorable senators forgotten the referenda which were taken upon the question of conscription? Although we had all the State Premiers and Parliaments, with one exception, against us, we defeated the conscriptionists. It is the people, and not the State Legislatures, that have to decide this question, and the majority of the people of South Australia, at all events, are in favour of bringing State railway servants within the jurisdiction of the Commonwealth Conciliation and Arbitration Court. When speaking on the motion for the second reading of the Bill, I pointed out that a provision of this kind had already been carried at the instance of the most Conservative Government that ever held office in the Commonwealth, and that it was only because of a decision of the High Court that it was necessary to re-enact it. The excuse made by Senator Lynch that, because the Labour party on a previous occasion entered into a compact with the State Premiers—a compact that was violated by

all the State Legislatures with one exception—he and others who formerly belonged to the party are justified in supporting a similar procedure on this occasion, is a most flimsy one. I had nothing whatever to do with the making of that compact. I was not in the Commonwealth at the time. When I left here, in 1915, the Labour party's referendum proposals, including that providing for State railway servants being brought within the jurisdiction of the Federal Arbitration Court, had been carried in their entirety by this Parliament. I was much surprised to learn in Egypt, some few weeks later, that they had been dropped, and that a compact had been made with the State Premiers.

Senator THOMAS.—No doubt, had the honorable senator been here, he would have opposed it. We always regarded him as one of the most radical members of the Labour party!

Senator Lt.-Colonel O'LOGHLIN.—I have always been a radical Democrat. I supported the most radical party in the State Parliament before the Labour party came into existence.

Senator THOMAS.—In the old days, the honorable senator was looked upon as one of the most radical members of the Labour party.

Senator Lt.-Colonel O'LOGHLIN.—I do not know, nor do I care, how the honorable senator regarded me. My record as a public man extends over thirty years, and I am not ashamed of it. I may say that, had I been in Australia at the time, I would have opposed the compact in question, because my experience of the Legislative Councils of the States—and I was a member of the South Australian Legislative Council for some fourteen years—would have led me to recognise that it was hopeless to expect them to agree to such a scheme. I shall cordially support the amendment proposed by Senator Gardiner, and I hope those honorable senators who have strenuously supported the principle in the past will not go back upon it. If they do not, we shall carry the amendment. I object to the Commonwealth Conciliation and Arbitration Court being spoken of in this connexion as a purely Federal tribunal. It is an independent tribunal, to be considered apart altogether from its Federal association. It is said that we should not allow a Federal Court to fix

the wages and conditions of labour to be observed in the State railway services, since the State Governments would have to bear the cost of carrying out such awards. That, however, is the position of every private individual to-day.

Senator MULCAHY.—But not of the States.

Senator Lt.-Colonel O'LOGHLIN.—Yes, the State Governments have to observe awards made by Arbitration Courts, and I fail to understand why the State railway services should be placed in a position different from that of private employers and companies. If it is fair to compel private employers to observe awards made by the Court, it is reasonable to require the States, as employers, to do so. I hope that honorable senators will remain true to their principles. I have only to say, in conclusion, that I received last night a telegram from a large railway association in South Australia urging that the provisions of this Bill should be extended to State railway servants.

Senator BAKHAP (Tasmania) [2.52 a.m.].—I should like to test the knowledge of railway matters in Australia possessed by those honorable senators who so glibly urge the application of this Federal panacea for all industrial ills. What, for instance, do they know of recent railway happenings in Tasmania? Are they aware that in that island State, whose railways by no physical possibility can have any connexion with those of the mainland, the Legislature, including, of course, the poor derided Legislative Council, a few months ago instituted a classification scheme in respect of the State railway servants, and voted £45,000 to make that scheme effective?

Senator MULCAHY.—And made it retrospective.

Senator BAKHAP.—Quite so. It was competent to do that much for its own railway servants, and it certainly should not have that service brought under Federal control. Tasmania has a different railway gauge from that of the mainland railway systems, and has no relation whatever to the mainland railway services.

Senator O'KEEFE.—The honorable senator's knowledge of railway matters is at fault. The Western Australian railway gauge, and that of Queensland, is the same as that of Tasmania.

Senator BAKHAP.—The Tasmanian railway gauge is certainly different from that of the nearest State. Will the honorable senator deny that some 125 miles of bold sea water flows between Tasmania and the mainland? What is the matter with honorable senators when they will insist upon this constitutional orgy in the hope of placating the industrials of the Commonwealth? The Federal Government had complete jurisdiction over the seamen's dispute which took place a few weeks ago; but could it bring the seamen into the Arbitration Court? No; the men struck rather than go to the Court.

Senator NEEDHAM.—But the State railway servants wish to appeal to the Federal Court.

Senator BAKHAP.—Were not the representatives of the seamen, only a few years ago, clamouring for the establishment of a Federal Arbitration Court, and urging that the principle of arbitration should rule generally throughout Australia? Where were those men when we were held up by the seamen a few weeks ago? Where were the Commonwealth Government? They were quaking in their shoes, afraid to apply anything like decent community force to that strike. Will honorable senators say that the conferring of additional power upon a Government represented by the spineless individuals who handled that strike is going to better Australia's industrial life? As I have already instanced, it was not until Tasmanian soldiers practically instigated the representatives of that State in this Parliament to go in a body to the then Acting Prime Minister (Mr. Watt) that any action was taken by the Government. When it was found that there would be practically a legislative rebellion in the ranks of the Nationalists unless something was done, the Government was at last roused, and, before the exhibition of a little firmness, the difficulties disappeared in an instant.

Senator RUSSELL.—Is that not a rather hot statement to make? I am not spineless.

Senator BAKHAP.—It is the truth, and the truth may be hot.

Senator RUSSELL.—I strongly object to any honorable senator describing me as a spineless individual. I think the honorable senator ought to withdraw that remark.

Senator BAKHAP.—I alluded to the Ministry collectively. It has a collective

and corporate capacity, and I maintain that it acted in regard to the seamen's strike in a spineless manner.

The CHAIRMAN (Senator Shannon).—Order! The Minister has objected to the remark made by the honorable senator, and has asked that it be withdrawn.

Senator RUSSELL.—Let it go.

Senator GARDINER.—I rise to a point of order. When an honorable senator takes exception to a statement as being objectionable to him, the rule of the Senate is that it shall be withdrawn.

Senator DE LARGIE.—On the point of order, sir, I would remind you that last night I drew the attention of the President to a very objectionable statement to which two honorable senators took exception, but it was not ruled out of order.

The CHAIRMAN.—If the Minister takes exception to the statement, the honorable senator must withdraw it.

Senator BAKHAP.—But does he take exception to it? He knows that I made no personal reflection. I maintain that I am at liberty to make any reflection of a political nature in regard to a lack of executive competency on the part of the Administration.

Senator KEATING.—The honorable senator was referring to the Ministry's composite spine.

Senator BAKHAP.—I was. During the war the Government was vested with complete control over industrial and all other matters in the Commonwealth; but what power of compulsion had it in regard to a few hundred recalcitrant seamen? The portals of the Arbitration Court were open for the determination of that dispute, which was admittedly of an inter-State character. The seamen, however, would not enter the Court, and powers of persuasion that were independent of any legislative enactment had to be exercised. Yet we are told by way of excuse for this attack on the Constitution that it is desirable to rope in every feature of Australia's industrial life so that the Ministry, which could not induce a few hundred seamen to go into the Arbitration Court, will be able to extend the beneficent principles of arbitration to people who really do not wish to have anything to do with it, except in so far as it may be a temporary expedient to secure to them some passing advantage. The Tasmanian Government have exhibited full competency to deal with their

own railway problems, and I do not intend for a moment to give countenance or support to the amendment proposed by Senator Gardiner. I am not going to take up the attitude of delaying the progress of this measure beyond exercising my full right to criticise amendments in the ordinary fashion, or to move amendments that have been suggested to me by the Administration of the State I have the honour to help in representing here.

Senator O'Keefe was quite right in suggesting that the Premier of Tasmania, representing his Government, is more concerned to add to the exemptions from the provisions of this Bill than to consent to their application to a fresh instrumentality. I purpose moving an amendment later to exclude from the operation of this measure, not only the State railways, but any State enterprise. It is, therefore, unnecessary for me to repeat that my vote shall be given in a spirit of decided antagonism to the amendment submitted by Senator Gardiner.

Senator LYNCH (Western Australia) [3.2 a.m.]:—Having heard Senator Bakhap, we can realize that he is the most consistent opponent of the measure before the Committee. He would not have it, in the first instance, root or branch. He is against it now, horse, foot, and artillery. I wish to direct attention to the attempt now being made to saddle the Bill with a provision which can only result in the defeat of the measure when it reaches the electors. The speech just delivered by Senator Bakhap gives a fair indication of the feeling that will be aroused in the country when the electors are asked to vote upon these proposals if the amendment moved by Senator Gardiner is carried. Here we have a proposal to include the railway servants, who, as Senator O'Loghlin has correctly said, were specially excluded from the compact that was arrived at four years ago. I am at a loss to understand why the dropping of the railway bundle could be justified in 1915 and cannot be justified now. The railway men had no more grievances to rectify four years ago than they have to-day. If they had grievances, then they have not diminished as the years have rolled by.

When Senator O'Loghlin and other honorable senators opposite now try to saddle this measure with provisions which, if accepted, could have only the one baneful result of killing it, I am in-

clined to question their sincerity in voting for the second reading. We know how a performance can be damned by faint praise, and we know that a Bill can be killed by including in it provisions which may render its salient and substantial features nugatory. I find in the amendment a confession on the part of honorable senators opposite either of political faith or political imbecility with regard to arbitration as a principle. We have seen railway systems in this country involved in no end of turmoil because the railway men themselves would not accept arbitration. In the parent State of New South Wales, when the railway men had a grievance, real or imaginary, did they resort to arbitration? The portals of the Courts of the country were open to them; but did they avail themselves of the means of settling their dispute that is so loudly clamoured for to-night? Did the railway men of Queensland quite lately, and under a Labour Government, resort to arbitration for the purpose of settling their disputes? We know that they did not. They successfully resorted to the use of a power which the railway men and State servants can always resort to. They can use the political lever to rectify their grievances whenever they have real grievances. All this profession of a desire to throw the shield of protection over the railway men of the country goes by the board in view of our recollection that, in the recent past, when the railway men in more than one State had the opportunity of going to the Arbitration Court, they spurned that opportunity.

I am speaking quite plainly on this matter. I do not like circumlocution, and never did like it. I have always held that I have been given a tongue, and the power of expression to state the thoughts of my own mind, and not those of some one else. When I see this new-found devotion to the principle of arbitration amongst members of a party who could have done a lot more than they did in the immediate past, when they had the chance, and know that the application of their new found devotion would result in the killing of this Bill which might be used to remedy the evils of the country. I am inclined to question their sincerity in voting for the second reading.

With regard to the railway men and State servants generally, I will repeat

what I have said before. I do not care a brass farthing whether what I say is mutilated and twisted as it has been in the past. I repeat that the State servants of this country have an infinitely better chance of having every just grievance rectified by an appeal to a sympathetic public and Parliament than have any private employees. Every member of the Senate is a potential employer of labour to-day, or the steward of the public in seeing that justice is dealt out to the employees of the State wherever they are found. The employees of private persons are in a vastly different position. They have to resort to many devious and expensive methods to remedy their grievances. Any intelligent or fair-minded State employee will admit, as he must admit, that he always has Parliament to appeal to, and that if he has a grievance, however small, it will find an echo in this or in some other Parliament. That being the case, Parliament is his Court of Arbitration. Why cannot we speak fairly and squarely on this matter? My words will no doubt be quoted against me and twisted and turned by the Labour press, as they have been in the past; but my troubles about that! I do not care for the electors' favour. I have a head on my shoulders and two hands with which I can still earn a livelihood. If the electors do not vote for me, they can do the other thing. I do not cower and shiver before them. The obligation to find a man worthy of their suffrages is just as great upon the electors as is the obligation on the part of the chosen man to go to Parliament. If they think they are conferring an obligation upon me, let me tell them in turn that perhaps the obligation is upon the other foot, and they might not find another man like me to represent them. That is the way to talk.

We have had placarded from Cape Yorke to the Leeuwin and from the Barrier Reef to the Abrolhos, on the western coast, the one word, "profiteer." There is not a word about the poor beggar who has lost so much. There is something in the cry about the profiteer; but if there is 50 per cent. of genuine warrant for that cry, those who have made the country reverberate with it should not throw any obstacle in the way of an immediate remedy for the evil of profiteering. Yet they are throwing the biggest obstacle

they can find in the way of the successful carrying out of this proposal.

Did my honorable friends opposite study, in 1915, the welfare of the railway men when they dropped the railway bundle for the sake of expediency? That was considered necessary then, in order that the major portion of the powers asked for might be secured. For the same reason—in order that the major portion of what we are aiming at now may be secured—a similar course may now well be adopted.

I am glad that this discussion has arisen, because it has offered the members of the Official Labour party in this chamber an opportunity to display a newly found devotion and respect for the principle of arbitration which, up to the present, they have not manifested. I am here to declare for arbitration. I have always done so. Men who have been through the mill and know what arbitration has done to lift the worker from a lowly position know how to estimate its value. We see men who have come in later times scorn and deride the principle of arbitration, but we men of the old brigade, who have gone through the mill and know how we were treated by the competitive system, can respect that principle. We see men in this Parliament keeping their tongues in their cheeks when they should speak out and say to people outside, "You are killing your best friend." You are destroying the agency established for you after enormous sacrifices in this country. Do not do it. If you do, you will be standing in your own light." They do not talk in that way, but we have talked in that way.

I am pleased to think that honorable senators opposite have renewed their submerged faith in arbitration, although, at the same time, let me say that arbitration as a means of settling railway disputes has not been proved effective by instances which I have quoted from the recent past. I ask honorable senators opposite to allow this Bill to pass, and not to throw obstacles in its way by proposing provisions which, if accepted would certainly result in arousing opposition to the measure on the part of the electors, and so, instead of getting the bone we should not get even the shadow. I appeal to honorable senators opposite to show their sincerity in voting for the second reading by receding from the false position they have since taken up.

**Senator GARDINER** (New South Wales) [3.15 a.m.].—Immediately this Bill was introduced in another place, a deputation waited on me representing 200,000 organized unionists. They informed me that they were anxious for the maintenance of arbitration, and put before me particularly the position of the railway men, who sought to be given the opportunity of securing arbitration under Commonwealth laws. They asked me to move the following amendment:—

To add at the end of clause 4—“*h.* Conciliation and arbitration for the prevention and settlement of industrial disputes, including terms and conditions of service or employment in any trade, industry, occupation, or calling, including service or employment in any State or instrumentality of any State.”

This amendment, which I have not altered in any way, and which I shall move if my present proposal is defeated, fully describes what the unionists require, and is complete answer, if answer be necessary, to men of the type of Senator Lynch, who claim that these men have discarded arbitration. Let us consider the matter calmly. It is regrettable that in late years Senator Lynch and I seem to be able to inflame ourselves against each other. The honorable senator seems to indicate that some of us have been outside the pale of those who seek to give the railway employees the right of having their grievances redressed by a Commonwealth Arbitration Court, quite overlooking the conditions under which Mr. Hughes agreed to drop his proposals in 1915. Those conditions were that the State Parliaments would give the Commonwealth Parliament the necessary power to deal with these matters. Mr. Holman, the Premier of New South Wales, kept to the letter of the agreement, and passed the necessary legislation through both Houses of Parliament.

**Senator RUSSELL.**—The necessary legislation also passed the Lower Houses of Tasmania and Queensland.

**Senator GARDINER.**—I know that Senator Earle, who was Premier of Tasmania at the time, got a Bill through the Legislative Assembly, but, so far as I could learn, he did not make a very strong effort to get it through the Upper House.

**Senator EARLE.**—I made the effort.

**Senator GARDINER.**—But, as a Minister of the Commonwealth Government at the time, I felt that the honorable senator's effort was a very poor one for a

Labour man. The amendment which I have read represents the opinions of 200,000 organized unionists. Surely their support for this Bill is worth having! I do not say that the non-inclusion of their proposals means that their votes will not go for the Bills as they stand, but it is just as well to balance the voting capacity of these unions against the support of the State Premiers. Honorable senators have received telegrams from the railway unions of every State asking for the inclusion of railway employees in these proposals. In the past, there have been two powerful conflicting parties in the unions, those who advocate direct action, and those who favour parliamentary action. I realize that the workers themselves have a keener knowledge of their industrial conditions than I possess, but when it came to a question of direct action or parliamentary action, I have never failed to advise them to stick to parliamentary action, when I have had to depend on their support. Unlike Senator Lynch, I cannot say that I do not care for their votes. I want their votes, not only for myself, but for the party with which I am associated. I do not go round trailing my coat on the ground asking some one to tread on it. I ask for the favour of their votes so that in the near future this party may be able to give them that for which they are asking, the opportunity to put their case before a Conciliation and Arbitration Court.

**Senator KEATING** (Tasmania) [3.22 a.m.].—Reference has been made to telegrams received from different States. Last week a telegram reached me from Tasmania. It was probably on all fours with the telegrams received by others from other States, but it was addressed to the members for Tasmania, care of myself.

**Senator RUSSELL.**—I received ten telegrams, all of which were fairly uniform.

**Senator KEATING.**—It came from the representatives of railway organizations in Tasmania, and I passed it on to my colleagues from Tasmania in this Chamber, and took it to another place, where I found that a similar message had been received by a Tasmanian member. Senator O'Keefe happened to be engaged in business elsewhere at the time, and I could not show the message to him, but I informed him of it to-night. Had the message been received by mail, I would probably have had copies of it struck off,

and given to other honorable senators, but as it was handed to me when I was in the chamber, I immediately passed it round.

My position in regard to Senator Gardiner's proposal I can sum up very concisely. The proposals contained in the Bill are the outcome of a special arrangement made on a special occasion, and for a specific purpose, namely, to enable the Commonwealth Parliament to deal with the question of profiteering; and I intend to support a measure which is confined as far as possible in its terms to that purpose. I have always advocated that any amendments of the Constitution should be considered by a Convention. Provision is made in this measure for a Convention. I recognise that the amendments contained in the Bill are temporary proposals put forward for a specific purpose, and, as I have already said, it is desirable to limit ourselves in connexion with them to the occasion in every respect. The more compact the proposals are the greater chance we shall have of getting them accepted. If honorable senators are anxious to get at the profiteer with tooth and claw as soon as possible, I advise them to confine the provisions of the Bill to amendments that will meet the present necessity. Any attempt to overload the Bill may put us in the position of the fabled boy who put his hand into a vessel to take out some nuts, but instead of satisfying himself by taking out a quantity that would enable him to extract his closed fist, sought to grasp all he could, with the result that he so swelled his fist that he was unable to withdraw it at all. Let us not attempt to grab too much. Let us make sure of what we desire. The Convention is to meet very shortly, and its scope will not be limited. It will deal with the Constitution in a broader and more general way, and I am quite content to leave it to deal with all necessary amendments of the Constitution.

Senator Lt.-Colonel O'LOGHLIN.—This amendment would secure 200,000 additional supporters for the proposals.

Senator KEATING.—Does the honorable senator say that those 200,000 unionists will not vote for this Bill? Senator Gardiner did not say so. While he thought that the passage of the amendment would insure the support of the 200,000 organized unionists, he was can-

did enough to admit that if the extended scope which his amendment seeks were not given to the Bill they would not necessarily oppose the acceptance of the measure.

Senator GARDINER.—It would be absurd for me to try to speak for such a large body by saying what they would do, but I can claim that they would be very enthusiastic supporters of my amendment.

Senator KEATING.—That is what I understood the honorable senator to say. When we are dealing temporarily with an amendment of the Constitution for a specific purpose, we would be well advised not to overload the measure if we want to secure what we are aiming at. I think we can safely trust an elected Convention hereafter to deal with the Constitution generally on the broadest and most comprehensive lines.

Senator O'KEEFE (Tasmania) [3.28 a.m.].—Senator Keating is emphatic on the point that this measure is designed for one purpose only, and that is to prevent what is known as profiteering, while Senator Russell is equally emphatic in saying that it has two purposes, to prevent not only profiteering, but also industrial unrest.

Senator RUSSELL.—The two matters are related.

Senator O'KEEFE.—Exactly. I agree with what Senator Fairbairn said recently, that all the industrial unrest in this country is due to the enormous increase in the cost of living. Senator Keating asks the Senate to reject the amendment because it might jeopardize the acceptance of the Bill by the people, and prevent us from taking early steps to stop profiteering. Votes have been mentioned, but a more important principle is involved. Is it just to exclude from the Federal Arbitration Court such an enormous body of industrial workers as our railway men? Honorable senators cannot by fair argument justify their attitude in excluding the railway workers from the provisions of this Bill. The arguments in favour of Senator Gardiner's amendment are unanswerable, from whatever point of view it may be considered, and I hope that, even at this hour, honorable senators will realize that it will be only an act of justice to support it.

Question—That the words proposed to be left out be left out (Senator GAEDINER'S amendment)—put. The Committee divided.

Ayes	6
Noes	20

Majority	14
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AYES.

Gardiner, A.	O'Loglin, Lt.-Colonel
Maughan, W. J. R.	Teller:
Newland, J.	Needham, E.
O'Keefe, D. J.	

NOES.

Bakhap, T. J. K.	Mulcahy, E.
Bolton, Lt.-Colonel	Plain, W.
Buzacott, R.	Reid, M.
Crawford, T. W.	Rowell, Colonel
Earle, J.	Russell, E. J.
Fairbairn, G.	Senior, W.
Givens, T.	Shannon, J. W.
Guthrie, R. S.	Thomas, J.
Henderson, G.	
Keating, J. H.	Teller:
Lynch, P. J.	de Largie, H.

PAIRS.

Barnes, J.	Foll, H. S.
Guy, J.	Pearce, G. F.
McDougall, A.	Pratten, H. E.

Question so resolved in the negative.

Amendment negatived.

**Senator BAKHAP** (Tasmania) [3.37 a.m.].—It is my intention to move an amendment to clause 2. I wish to make it quite clear that I consider, in a crisis such as this, when amendments so seriously subversive of the principles of the Federal Constitution are being proposed, that it is right for an honorable senator to render all the assistance he possibly can to realize the intentions and objectives of Ministers exercising executive control in a State which he helps to represent in this Chamber. Senator Keating and Senator O'Keefe have referred to the fact that the Premier of Tasmania on the 8th October sent a telegram which was received by Senator Keating on that day, copies of which were distributed among the Tasmanian senators in this Chamber. Whatever arrangements were made between the State Premiers and the Prime Minister, it is clear that at least one Minister was not satisfied with the measure as introduced here.

**Senator KEATING**.—The Bill was not before the Premiers when they were in Melbourne.

**Senator BAKHAP**.—No; but this telegram contains evidence to show that they were well acquainted with the provisions of the Bill.

**Senator RUSSELL**.—I understand that the measure was before all the Ministers with the exception of Mr. Holman, who left for Sydney on the Friday.

**Senator KEATING**.—This measure?

**Senator RUSSELL**.—Yes, with the exception of the proposals suggested by the Committee of Inquiry.

**Senator BAKHAP**.—Whatever the circumstances may be, it is clear that the Premier of Tasmania desires to substantially amend clause 2.

**Senator KEATING**.—Not merely the Premier, but the Government of Tasmania.

**Senator BAKHAP**.—The Premier is the representative of the Government. I have not any hesitation in coming to the conclusion that this is a well-considered telegram, and that a good deal of collective thought was given to it by Ministers before the final phraseology was adopted.

**Senator LYNCH**.—What does the telegram say?

**Senator BAKHAP**.—It reads—

Launceston, Tasmania.

Following wire sent to Prime Minister representing views of State Government:—*Re* Constitution Amendments, State Government have fully considered same, are agreeable (1) support section 5 of first Bill giving Commonwealth power to deal with Trusts, combinations, monopolies; (2) support in second Bill power Commonwealth take over declared monopolies; (3) would support granting of such power necessary to enable Commonwealth to regulate profits or fix prices throughout Australia. *Re* other powers asked for dealing with trade and commerce corporations and industrial disputes, State Government of opinion much wider than necessary to secure object sought. Would urge these be omitted from Bills and submit same to Convention in 1920. Finish would strongly urge you confer Tasmanian representatives to obtain in Bill to alter section 51 of Constitution, clause 2, in addition to railways to include State hydro-electric power undertaking, and, if possible, all State enterprises.

LEE, Premier.

I am not in accord with the views expressed by the Premiers in connexion with their willingness to give power to enable the Commonwealth Government to regulate prices throughout Australia. The views of the Tasmanian Government, as expressed in this telegram, and those of the Tasmanian Minister are views to which I do not subscribe. However, I think it is my duty, as a representative of the State of Tasmania, to place the

views of the Tasmanian Cabinet before the Senate without committing myself to support the measure, even if the Committee decide to include the amendment I will later move. I repeat that I think it is my duty in a crisis such as this to do something in the direction indicated by the Tasmanian Cabinet; but the ultimate responsibility will certainly rest with them. I am going to attempt to realize the objective of the Cabinet in regard to the excision from clause 2 of all State enterprises. Railways are exempt from the provisions of clause 2, and if they are exempt, why not other enterprises established with State capital and run under State auspices? Is anybody prepared to contravene that logic? If it is right and proper to exclude railways, which are State enterprises, it is equally right and proper to exclude all State enterprises. The hydro-electric enterprise in Tasmania is one of which Senator Earle must have considerable knowledge. The undertaking was initiated by a private company, but it is now the property of the Tasmanian Government, and will have a marked effect upon the industrial well-being of the State of Tasmania, as also the Mount Reid and Rosebery mines on the west coast of Tasmania. It is the expressed intention of the Tasmanian Government to inaugurate another hydro-electric scheme of mammoth proportions. If that is so, I think the desire of the Tasmania Administration is to exclude from the provisions of this measure such enterprises as I have indicated, and the intention is a laudable one. I shall assist the Tasmanian Ministers to realize an objective which is dear to them, and which seems to me the most important of those outlined in this telegram, without committing myself to any support of the measure, even if it be amended by the Committee in the direction desired by Premier Lee and those associated with him. All the arguments which apply to the exclusion of State railways, one of the most important of State enterprises, equally apply with full logical force to the exclusion of any other form of State enterprise, and, without attempting to be obstructive by discussing the matter at any length, I content myself with moving my amendment, relying fully upon the logic of the case and the imperative necessity for not conferring

power on a central Administration to interfere in State enterprises of a particularly local character. I move—

That the following words be added at the end of the clause:—“or laws for the control of any enterprise established by a State.”

**Senator RUSSELL** (Victoria—Vice-President of the Executive Council and Acting Minister for Defence) [3.47 a.m.].—I ask Senator Bakhap not to press his amendment, because, so far as I know, it represents an application from only one State, and relates only to one or two particular enterprises. I do not think the honorable senator need have any fear of what the Commonwealth Government may attempt to do. They have done all that was possible to encourage the development of Tasmania by means of the hydro-electric works.

**Senator BAKHAP.**—Why are all State enterprises exempted in the Bill relating to the nationalization of monopolies?

**Senator RUSSELL.**—Because the State Premiers in conference asked that that should be done. Senator Keating asked whether the State Premiers saw these Bills for the alteration of the Constitution. I know that the State Premiers asked the Prime Minister to put before them in black and white what he desired, and I am of opinion that when they reassembled on the Saturday morning they saw typed copies of the Bills which I know were available at that time. The State Premiers in conference did not make the special request that has been made by the Premier of Tasmania. The Commonwealth did not desire to make the exemptions which have been provided for, but they were granted because the representatives of the States pressed for them, and because the Commonwealth Government desired to secure unity for the general purpose we had in view.

**Senator BAKHAP.**—What argument does the Minister advance for Commonwealth control of State enterprises of a purely local character?

**Senator RUSSELL.**—The argument that was applied by Senator Bakhap to the hydro-electric works might be applied with equal logic to the State Brickworks in New South Wales. The Bill before the Committee does no more than empower this Parliament to legislate in respect of trade and commerce. The Commonwealth certainly ought to have power

to deal with a matter of such importance to Australia as the Murray waters scheme. If the Tasmanian Government should decide to enter into a partnership with the Electrolytic Zinc Company—and I wish the Tasmanian people good luck in the larger developments that they anticipate—they might as well come along and ask for an exemption of the electrolytic works on the ground that they were a State enterprise.

Senator BAKHAP.—If the honorable senator wishes them good-luck, for God's sake do not meddle with them.

Senator RUSSELL.—We are not meddling with them. But I hope that all Australia will be subject to uniform trade and commerce laws. Such an able man as Sir William Irvine, although, to my mind, he is a great Conservative, has stated quite clearly that we cannot make artificial distinctions in regard to the trade and commerce of the country. We can exempt certain special functions as we propose to exempt the railways. But the railways are different from ordinary trading concerns, inasmuch as the States have big financial interests bound up in them, and the earnings represent, in most States, more than one-third of the total revenue. That is the sole reason for the apprehension of the States in regard to Commonwealth interference with their railways. The railways are not an ordinary State trading enterprise; they represent the investment of a considerable amount of State capital, and are a big source of revenue.

Senator KEATING (Tasmania) [3.52 a.m.].—One matter to which reference has not been made is that if the trade and commerce power is extended after the Constitution has been amended in the way provided for in clause 2, without such an amendment as that now before the Committee, it would be competent for the Commonwealth Parliament to pass laws for regulating, for instance, the prices to be charged by the State Government of Tasmania for current supplied from its hydro-electric works and the conditions of employment in connexion with those works. In asking for extended powers for a temporary period and for a specific purpose, for goodness' sake let us confine ourselves to the necessities of the occasion. Why seek these wider powers? Why not agree to the amend-

ment proposed by Senator Bakhap? It is on all-fours with the provision relating to the railway services of the States. It does not specifically exempt the operations of a certain State industry in a particular State. Its terms are broad and general, and apply to all State enterprises, no matter where they are situated. As it is not necessary for the Commonwealth to have jurisdiction over those enterprises for the temporary period for which this Bill will operate, and as it is not necessary for us, for the purposes of this measure, to exercise such powers, we might very well specifically except such State functions from the operation of the amendment, just as we except the railway systems of the several States.

Question.—That the words proposed to be added be added (Senator BAKHAP's amendment)—put. The Committee divided.

Ayes	...	...	3
Noes	...	...	22
Majority	...	...	19

AYES.

Keating, J. H.

Teller:

Mulcahy, E.

Bakhap, T. J. K.

NOES.

Bolton, Lt.-Colonel

Newland, J.

Buzacott, R.

O'Keefe, D. J.

Crawford, T. W.

O'Loughlin, Lt.-Colonel

Earle, J.

Plain, W.

Fairbairn, G.

Reid, M.

Gardiner, A.

Rowell, Colonel

Givens, T.

Russell, E. J.

Guthrie, R. S.

Senior, W.

Henderson, G.

Shannon, J. W.

Lynch, P. J.

Teller:

Maughan, W. J. R.

de Largie, H.

Needham, E.

Question so resolved in the negative.

Amendment negatived.

Clause agreed to.

Clause 3—

Section 51 of the Constitution is altered by omitting from paragraph (xx) the words "Foreign corporations and trading or financial corporations formed within the limits of the Commonwealth;" and inserting in their stead the words—

"Corporations, including—

(a) the creation, dissolution, regulation, and control of corporations;"

(b) corporations formed under the law of a State . . . but not including . . . any corporation formed solely for religious, charitable, scientific, or artistic purposes . . .

**Senator RUSSELL** (Victoria—Vice-President of the Executive Council and Acting Minister for Defence) [3.58 a.m.].—I move—

That paragraph *a* be left out.

As was announced by the Prime Minister (Mr. Hughes) in another place, the State Premiers, after hearing from him a statement of what powers he wanted to enable the industrial unrest and profiteering to be dealt with, expressed the opinion that the Commonwealth was asking for wider powers than were necessary. To meet that objection, the Prime Minister promised, on behalf of the Government, that he would be quite prepared to permit three experts to consider the question, and if they unanimously decided that the power asked for was wider than was required for the specific purposes for which it was sought, he would abide by their decision. The three gentlemen appointed were Sir Robert Garran, Professor Harrison Moore, and Professor Jethro Brown, who are all well known in the Australian legal world. The committee came to the conclusion that paragraph *a* was not necessary, and its deletion will prevent the creation by the Commonwealth of any corporation; but power for the dissolution, regulation and control of corporations formed under the law of a State, will be retained. All corporations at present in existence are operating under State laws. In view of the limitation of the powers asked for, namely, three years, or until as determined by the proposed Convention, paragraph *a* is unnecessary, because it would not be fair to ask people in Australia to take any part in the formation of a company under a three years' charter. I ask the Committee to accept the amendment.

**Senator GARDINER** (New South Wales) [4.3 a.m.].—I am surprised that the Minister should have moved this amendment. The Government drafted the Bill and passed it through one House, and now, at the instigation of an outside committee, they propose to amend it. It appears to me that the State Premiers could not be persuaded to agree to the proposals of the Government, and that the decision of the arbitrators, who were called in to settle the difference between them, must be final, because we are asked to accept their recommendations. I quite recognise that this committee consisted of three very distin-

guished lawyers, and I may say that I have very great respect for distinguished lawyers, so far as concerns their views upon points of law, but I have very little respect for their judgment in a matter such as this, affecting, as it does, the right of the Commonwealth Government to create corporations. The man in the street—the layman—might conceivably be quite as good a judge in a matter like this as any eminent lawyer. There is no reason whatever for the Committee to accept the amendment.

**Senator KEATING**.—You say that this is a matter of policy; not a matter of law.

**Senator GARDINER**.—According to Senator Russell, these eminent lawyers decided that the power asked for in paragraph *a* is not necessary for the purpose of dealing with profiteering. It might not be necessary now, but it may be required a few years hence. I am surprised at the Government so readily deserting the principles which they believed in last week, and for which members of the Labour party have always stood.

Question—That the words proposed to be left out be left out (Senator RUSSELL's amendment)—put. The Committee divided.—

Ayes	19
Noes	5

Majority	14
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AYES.

Bolton, Lt.-Colonel	Mulcahy, E.
Buzacott, R.	Newland, J.
Crawford, T. W.	Plain, W.
Earle, J.	Reid, M.
Fairbairn, G.	Rowell, Colonel
Givens, T.	Russell, E. J.
Guthrie, R. S.	Senior, W.
Henderson, G.	Shannon, J. W.
Keating, J. H.	Teller:
Lynch, P. J.	de Largie, H.

NOES.

Gardiner, A.	O'Loghlin, Lt.-Colonel
Maughan, W. J. R.	Teller:
O'Keefe, D. J.	Needham, E.

PAIRS.

Foll, H. S.	Barnes, J.
Pearce, G. F.	Guy, J.
Pratten, H. E.	McDougall, A.

Question so resolved in the affirmative. Amendment agreed to.

Amendment (by Senator RUSSELL) agreed to—

That after the word "charitable," in paragraph *b*, the word "educational" be inserted.

**Senator O'KEEFE** (Tasmania) [4.11 a.m.].—I move—

That the following words be added to the clause:—“and by adding at the end of paragraph (xxiii) thereof the words, ‘and pensions to widows with children dependent upon them.’”

Our magnificent pensions scheme will not be complete until we can legislate in the direction I have indicated. New Zealand is the only part of the British Dominions with legislation providing for pensions for widows with young dependants, and the average cost per head of population is only 8d. I do not propose to go into details as to the amount which should be granted. All I want is indorsement by this Parliament of the principle, and as we are now amending section 51, we may achieve my purpose. I think the proposal will be acceptable to every individual in Australia who believes in the old-age and invalid pensions scheme.

**Senator BAKHAP.**—But to secure the adoption of that principle we must swallow the whole of this Bill?

**Senator O'KEEFE.**—No. The Bill has already been accepted, and we are now in Committee considering the details.

**Senator BAKHAP.**—But the people have not accepted it yet.

**Senator O'KEEFE.**—It will be submitted to the people.

There would be a better chance of the amendment I propose being carried than is the case with any of the other amendments to be submitted to the people under the Bill. The total cost of the Commonwealth Invalid and Old-age Pensions this year is something like £4,000,000, as against £3,830,000 last year. The cost in New Zealand of such pensions as I now suggest for the last year of which I have the figures was £39,386; and comparing our population with that of the Dominion, I estimate that it would cost an additional £177,000 to complete our splendid system of pensions. There can be no sadder sight than a woman suddenly deprived of her bread-winner, and left with two or three children, absolutely on the charity of the world. It has often and truly been said that the child is the best asset of the State; and if that be so, it should be the State's business to do everything to develop the best that is in the child. In its early years, the natural guardian of the child is the mother; but when a widow with children has to go

out to earn bread and clothing for her family, she must leave her children to some kindly-disposed neighbour. Such children never have a chance, and our gaols are said to be full of men who “never had a chance” in their youth. The additional cost of such pensions would be infinitesimal; and I am sure my proposal has the approval of the vast majority of the people of Australia, no matter how they view the other proposed amendments in the Constitution.

**Senator FAIRBAIRN.**—The State Government in Victoria has the power, and such pensions are in force in the State.

**Senator O'KEEFE.**—I am sure there is not one State of the Commonwealth that has legislated for pensions to widows and children.

**Senator RUSSELL.**—They are paid under a Red Cross system.

**Senator O'KEEFE.**—That is not the method adopted in New Zealand, which is the only Dominion of the Empire with pensions of this kind paid under law. The estimates made by me some years ago, when I brought the subject before the Senate, were based on New Zealand figures, and have proved to be very correct. I do not believe that the principle I advocate has any opponents in either Chamber of the Commonwealth Parliament, or in the country at large.

**Senator RUSSELL** (Victoria—Vice-President of the Executive Council and Acting Minister for Defence) [4.21 a.m.].—I quite agree with Senator O'Keefe when he says that he does not suppose that any honorable member of the Senate would oppose the principle of giving this power to the Commonwealth. It must be remembered, however, that we are not reviewing the whole Constitution, but proposing certain amendments for specific purposes. There is not only this question, but dozens of others of a similar kind, which, I trust, will be dealt with by the Convention. The amendment now proposed only shows the necessity for the constitution of such a body, to consider matters which may not come prominently under notice, but may mean the review, and, perhaps, the recasting, of the Constitution.

**Senator NEEDHAM.**—When shall we have the Convention?

**Senator RUSSELL.**—The Government have not yet considered the question of constituting a Convention; but, so far as

I am concerned, it will be at the earliest possible date, and on the most democratic basis.

Senator O'KEEFE.—We have the opportunity now. Is there not a possibility that there may be no Convention?

Senator RUSSELL.—The Government have given their word that there will be a Convention, and if honorable senators opposite are returned to power, we may take it that, in the absence of a Convention, there will be an amendment of the Constitution at an early date. In voting against the amendment, I do not question the principle that is advocated, and I ask the honorable senator not to press it.

Senator BAKHAP (Tasmania) [4.24 a.m.].—Senator O'Keefe is well aware of my sympathy with him in this matter. I believe I went so far as to second a motion on the subject moved by him a few years ago; if I did not, I distinctly remember speaking strongly in favour of it.

Senator O'KEEFE.—The proposal is always met with the objection that it is not the right time to submit it.

Senator BAKHAP.—Senator O'Keefe must see clearly that the inclusion of a salutary proposal such as he has outlined would be all right if it were not that the principles of the measure in general, and its provisions in particular, are obnoxious to me, and certainly will be very obnoxious to thousands of people throughout the Commonwealth, who will take very good care to vote against the Bill *in toto*. Does the honorable senator think it right to put people in the same position as he is now putting me, of voting against a principle with which they thoroughly agree, because it is incorporated in a pernicious measure of this kind? That is most unfair to myself and others whose opinions I feel sure I represent. In voting against this amendment, if I do vote against it, I shall have in view the danger of inducing people to vote for the Bill because there is incorporated in it the amendment of Senator O'Keefe, the spirit of which is most congenial to me and thousands of electors. I hope the honorable senator will see the injustice of incorporating an amendment in which nearly everybody believes in a Bill in which, I am sure, the majority of the electors will show they have no faith, and will deem it desirable to reject. Such people must either not vote

at all, or vote against the proposal now before us.

Senator O'KEEFE (Tasmania) [4.26 a.m.].—I have no desire to put Senator Bakhap in a false position, knowing as I do his sympathy with the spirit of the amendment; but we now have an opportunity of asserting the principle, and no further opportunity will occur for heaven knows when. We do not know that there will be a Convention, but we do know what is before us to-night; and we have an opportunity of incorporating a proposal, which, I say, is agreeable to three-fourths of the people of Australia. If Senator Bakhap does not feel that he can support the amendment, I hope he will not oppose it. The honorable senator is, of course, against the Bill, lock, stock, and barrel, but he cannot prevent its submission to the people, who ought to have an opportunity of voting for this constitutional amendment with the others. I am sure that it is an amendment likely to be accepted by a far greater number of electors than will vote for the other amendments.

Senator BAKHAP.—I do not want the electors to swallow the poison for the sake of the jam.

Senator O'KEEFE.—The "poison" is going to the people, and if they swallow the "poison," let them also swallow the "jam."

Senator SENIOR (South Australia) [4.28 a.m.].—I think that Senator O'Keefe has overlooked the fact that this Bill will cease to operate at a certain time, and under the circumstances it is undesirable to incorporate in it an admittedly desirable proposal. It would be far better, as Senator Russell has said, to leave the matter to the Convention.

Senator NEEDHAM.—The Convention would ratify Senator O'Keefe's amendment.

Senator SENIOR.—It might; and if the supporters of this amendment leave the matter to the Convention, they will gain more than they will lose.

Senator O'KEEFE.—The majority of honorable senators seem to think that these proposals will continue to operate even if there is no Convention.

Senator SENIOR.—I grant that; but if the other amendments of the Constitution are rejected by the people, so will be the amendment now proposed by the honorable senator, and if all the amendments are accepted, it is only for three years,

unless there is a Convention. The honorable senator has stressed that he does not know whether or not the Convention will be called together. I think Senator O'Keefe will be well advised not to press his amendment.

Question—That the words proposed to be added (Senator O'KEEFE's amendment) be added—put. The Committee divided.

Ayes .. . . .	5
Noes .. . . .	17
Majority .. . . .	12

## AYES.

Gardiner, A.	O'Loghlin, Lt.-Colonel.
Maughan, W. J. R.	Teller:
O'Keefe, D. J.	Needham, E.

## NOES.

Bolton, Lt.-Colonel.	Mulcahy, E.
Crawford, T. W.	Newland, J.
Earle, J.	Reid, M.
Fairbairn, G.	Rowell, Colonel
Givens, T.	Russell, E. J.
Guthrie, R. S.	Senior, W.
Henderson, G.	Shannon, J. W.
Keating, J. H.	Teller:
Lynch, P. J.	de Largie.

## PAIRS.

Barnes, J.	Foil, H. S.
Guy, J.	Pearce, G. F.
McDougall, A.	Pratten, H. E.

Question so resolved in the negative.

Amendment negatived.

Clause, as amended, agreed to.

Clause 4—

4. Section fifty-one of the Constitution is altered by omitting from paragraph (xxxv.) the words "Conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State:", and inserting in their stead the words—

- "Industrial matters, including—
- (a) labour;
- (b) employment and unemployment;
- (c) the terms and conditions of labour and employment in any trade, industry, occupation or calling;
- (d) the rights and obligations of employers and employees;
- (e) strikes and lock-outs;
- (f) the maintenance of industrial peace; and
- (g) the settlement of industrial disputes;"

Senator GARDINER (New South Wales) [4.35 a.m.].—I move—

That the following words be added:—" (h) conciliation and arbitration for the prevention and settlement of industrial disputes, including the terms and conditions of service or employment in any trade, industry, occupation, or calling, including the service or employment of any State or of the instrumentality of any State."

My amendment has been drafted by the unionists themselves. It embodies their acceptance of the principle of arbitration, and represents the views of 200,000 unionists, whose delegates waited on me, and asked that I should move in this matter. I ask the Senate not to shut out from the Federal Arbitration Court all those workers, some of whom, I will admit, believe in the weapon of strike. The next strike will be the worst in the history of Australia. The railway strike in Sydney was brought about by the Railways Commissioners making an alteration in conditions which had been laid down under the State Arbitration Court awards. That strike was the best conducted in my experience, but its aftermath was the most brutal, along the lines of victimization, that I have ever known. When another such strike occurs it will be the worst in the history of the Commonwealth.

Senator RUSSELL (Victoria—Vice-President of the Executive Council and Acting Minister for Defence) [4.38 a.m.].—I think Senator Gardiner will fail to accomplish his desires by way of this amendment. He has spoken as though the Government were seeking to wipe out the principle of conciliation and arbitration. That, of course, is not the case. Experience has proved that the inclusion of the term "conciliation and arbitration" has been tantamount to a limitation. The terms "labour" and "employment and unemployment" cover the whole range. The desire of the Government is that every possible means should be provided for entering the Arbitration Court. I ask the honorable senator to stand by these proposals, which were contained in the measure of 1915, when he and I stood together in a united party upon this subject. The desire of the Government is not to wreck the Arbitration Court, but to strengthen it, and facilitate the means of approach thereto.

Senator LYNCH (Western Australia) [4.43 a.m.].—Senator Gardiner's amendment merely amounts to another attempt to reduce the chances of the amendments contained in this Bill meeting with the favour of the people. If the railway employees of New South Wales do not respect the Arbitration Court in their own State they cannot be expected to accord respect to the Federal tribunal. The railway men of New South Wales had a

grievance. We are aware of its origin, and are acquainted with the opportunities available to the men to settle the trouble. The railway employees, however, flung their chance aside. Is there any guarantee that they would show greater respect for the Federal Court? The same observation applies to the railway men of North Queensland. Arbitration machinery had been established by the Labour Government in that State, yet the railway men rebelled, and the Government were unable to find an arbitrator within the borders of Queensland. They had to search for some outside tribunal. They appealed to the Federal Government, as is on public record, and even asked for an arbitrator from New Zealand, and then failed. If the railway men of North Queensland failed to respect arbitration under a Labour Government, and with a State arbitration system established by a Labour Government, what guarantee is there that they will respect the Federal tribunal? How has Mr. Justice Higgins been treated by professed believers in arbitration? Some of the old brigade here, including Senator Guthrie and myself, know from our own experience that the awards of Mr. Justice Higgins' Court have been torn to ribbons in the past, although not on many occasions. Although no man in the community was looked on as a fairer friend to the worker than that learned Judge, he was often taunted with being a partisan, but his awards were not respected by the workers at Broken Hill, or on the waterside front, or around the Australian coast-line in the maritime carrying trade recently. His awards, and the industrial agreements which have the same force and effect as awards, were torn to shreds. Where is the guarantee that he and his Court will be any better treated by railway servants, who did not respect arbitration within their own State borders, under tribunals instituted by Labour Governments? This is an attempt to load the Bill with conditions which can have only the one result—its defeat when it comes before the electors. The questions I have put need answering, because honorable senators opposite cannot play all the time with men of well-balanced minds. We have been abroad in the world, and some of us have contributed more to the establishment of arbitration, and made more sacrifices for that purpose, than

some of our critics will ever do. I am one of those who made sacrifices to establish arbitration as a successful principle in this country. I rode about the country on my bicycle, and was never paid a farthing for all I did. I have worked under both systems. I worked under the competitive system, in which I was ground down to the lowest level. We looked out of the surrounding murkiness of our situation for some daylight, and the only gleam that appeared on the horizon, in the opinion of the men who went before us, was arbitration. We looked to it to relieve us from the necessity of submitting to a destiny dictated by competition. We still stand by the principle of arbitration, but when we see it brought into ridicule, not by its enemies, but by the men whom it has so greatly befriended, the time has arrived to indulge in some straight talk without apology. This Bill has been introduced to enlarge the powers of the Commonwealth, and when an attempt is made to bring about its defeat, I am entitled to ask those who seek to overload it to prove that the railway servants will obey the Federal Court, seeing that in at least two instances they did not obey the Courts in their own States.

**Senator GARDINER** (New South Wales) [4.49 a.m.].—Senator Russell made a mistake in saying that the principle we are trying to insert in this Bill is the same as that we knocked out in 1915. The Bill which I introduced in the Senate when occupying the position now occupied by the honorable senator provided that—

Section 51 of the Constitution is altered by inserting after paragraph XXXV. the following paragraph:—“XXXVA. Conciliation and arbitration, for the prevention and settlement of industrial disputes in relation to employment in the railway service of a State.”

The amendment I now submit is the proposal of the union, but it includes employees of all the State instrumentalities as well as the railways. That answers Senator Russell's statement. Let me tell Senator Lynch how the railway strike in New South Wales was brought about. The men in the railway workshops were working under an arbitration award. By the arbitrary actions of the Government the conditions of the award were broken, because the Government tried to introduce fresh conditions. Senator Lynch asks if the railway men will respect the Judge

of the Federal Arbitration Court. The respect paid to Mr. Justice Higgins by the great majority of the people is marvellous, considering the difficult position he has always occupied. Honorable senators on the other side in this chamber have criticised him, and Senator Millen, in answering a deputation on one occasion, inferred that the Government were considering his removal. The employing class was incensed against him. Where big interests are at stake, whether of the employers or the employees, dissatisfaction will be expressed. No Judge can hope to escape criticism of that kind, and public men know that when passions are aroused, that sort of thing must be expected. This is an opportunity for Parliament to meet the wishes of men who say they are anxious to participate in the benefits of the Federal Court, and to allow the Australian people to enlarge the powers of the Federal Parliament under the Constitution. If the people fail us, we must go on patiently until such time as the employers and the employees are educated sufficiently to accept it, but it is of no use to lay down a hard and fast rule. It is also of no use for men to pretend that they have changed their minds regarding something which they endorsed a little while ago, and then try to put the blame on somebody else. This is the proposal which honorable senators opposite agreed to before. It would have been agreed to by this time if it had been put to the people in 1915. I ask that there shall be one united labour action to give the employees of State instrumentalities, including railways, an opportunity to put their case before the Federal Arbitration Court.

**Senator RUSSELL** (Victoria—Vice-President of the Executive Council and Acting Minister for Defence) [4.55 a.m.]—Both Senator Gardiner and I were right, because while he was speaking about one Bill I was quoting another. The one I was speaking of is the measure to which the honorable senator is now seeking to make this addition. There was a long discussion to-day on the inclusion of the railway men, and senators voted with their eyes open. I hope we shall not have a repetition of that debate. Senator Gardiner emphasized the fact that this amendment included the railway men.

**Senator O'LOGHLIN**.—It includes more than the railway men.

**Senator RUSSELL**.—But I understand that that is its real object. I object to being asked to debate a question that has already been decided. I have given the reasons why the railway men are not to be included, and I have nothing to add to that statement.

**Senator Lt.-Colonel O'LOGHLIN** (South Australia) [4.57 a.m.].—The amendment is considerably wider than the one which dealt with the railway men. Its purpose is to give State employees the same right as we concede to every one else, railway men included. According to some of the statements made here, the workers are a bad lot, and do not know what they want and are never satisfied. When they state definitely what they require, and we move their amendment in their own words, we are told they are hypocrites, asking out of pure cussedness for something they do not intend to observe. Senator Lynch asks whether the workers will obey the decisions of the Federal Arbitration Courts. The honorable senator will find from the early history of the Court that it has a splendid record. Up to the present, even including the last seamen's strike, there have only been five or six instances in the fifteen years or longer in which the decision of the Court has been questioned. When Mr. Justice Higgins took a vacation about two years ago, he was able to state that up to that period no decision of his had been disputed by the employees. In a number of cases the employers have departed from them.

**Senator GUTHRIE**.—The honorable senator cannot point to one.

**Senator O'LOGHLIN**.—I refer the honorable senator to the records of the Court. I can point to cases where employers have been penalized for departing from the award, in every State in the Commonwealth. Considering the difficulties, the Arbitration Court has a magnificent record. I support the proposal, which I have always stood to, and see no reason to depart from.

**Senator GUTHRIE** (South Australia) [5.0 a.m.].—I do not think there is a single member of this chamber who took a more active part in bringing about conciliation in connexion with industrial disputes than I did. When I remembered the early days of 1890, I resolved that strikes as a means of securing a settlement of such industrial disputes were an absolute failure. It is to the credit of

the late Right Honorable C. C. Kingston, that he drafted the first Conciliation and Arbitration Bill submitted in the Commonwealth with a view to the abolition of strikes. From one end of Australia to the other, the workers at that time advocated the principle of conciliation. But since the referenda upon conscription, there has been a movement in trade union circles in the direction of repudiating conciliation. Senator O'Loghlin was never a member of the Trades and Labour Council until the day before yesterday. What does he know about the matter? I repeat that he was not a member of a trade union until the day before yesterday, and that he only became one then for political purposes. Yet he now sets himself up as an authority on trade unionism.

Senator Lt.-Colonel O'LOGHLIN.—I was shearing nearly forty years ago.

Senator GUTHRIE.—Not as a trade unionist, but as a blackleg—a scab.

Senator Lt.-Colonel O'LOGHLIN.—The honorable senator's wild statements are unworthy of notice. When was I a scab?

Senator GUTHRIE.—When the honorable senator was shearing forty years ago he was not a trade unionist.

Senator Lt.-Colonel O'LOGHLIN.—I rise to a point of order. I take exception to the statement of Senator Guthrie that I was ever a scab, and I ask that it be withdrawn.

The CHAIRMAN (Senator Shannon).—If the honorable senator objects to the statement made by Senator Guthrie I must ask the latter to withdraw it.

Senator GUTHRIE.—I withdraw it.

Senator Lt.-Colonel O'LOGHLIN.—And the honorable senator should be ashamed of himself for having made it.

Senator GUTHRIE.—I am not. I regard Senator O'Loghlin's statement as objectionable, and I ask that he be compelled to withdraw it.

Senator Lt.-Colonel O'LOGHLIN.—I withdraw it.

Senator GUTHRIE.—I am as strong a believer in the principles of conciliation and arbitration to-day, as I ever was. During the twenty-seven years that I occupied the position of President of the Seamen's Union, that body loyally observed the decisions of the Arbitration Court. Nobody can urge that the awards

of that tribunal were ever flouted by it. As a matter of fact, the seamen were specially commended by Mr. Justice Higgins for the way in which his determinations were respected. But what has since happened is quite another story. During the twenty-seven years to which I have referred, no seaman ever lost half an hour's work, and his industrial conditions were improved more than those of any other unionist in Australia. But as soon as the direct actionists took charge of the union, not only were the seamen out of work for thirteen weeks, but the whole of the industries of Australia were paralyzed.

Senator NEEDHAM.—But we are now dealing with the railway employees.

Senator GUTHRIE.—So far as the railway men are concerned, they sought to have a means of settling their disputes by arbitration. I do not suggest that the South Australian railway employees should be allowed to come before the Commonwealth Arbitration Court. Our Constitution enables that Court to take cognisance only of disputes which extend beyond the limits of any one State.

Senator Lt.-Colonel O'LOGHLIN.—Upon a previous occasion the honorable senator advocated that State employees should be allowed to come before the Commonwealth Arbitration Court.

Senator GUTHRIE.—I did not, and the honorable senator knows it.

The CHAIRMAN.—These dialogues are quite out of order.

Senator GUTHRIE.—I am addressing you, sir, and nobody else. The State Parliaments have to vote the money with which to pay their railway servants, and the State Governments are responsible for the running of the railways within their own borders. We ought not to jeopardize this Bill by including in it some provision to which the States will object.

Senator NEEDHAM.—The time is not ripe?

Senator GUTHRIE.—Senator Needham is here to protect State rights. The State Governments are not profiteers. I doubt whether, under the title of this Bill, we have a right to go outside the question of profiteering. The State Governments cannot be accused of

profiteering. They are not making a profit from their railways. There is not a single railway in Australia to-day which is paying working expenses and interest upon the cost of its construction. I hope that those honorable senators who are anxious to deal with the profiteer will drop this amendment. Certainly, they ought to refrain from jeopardizing the Bill by insisting upon the inclusion in it of extraneous matter.

**Senator Lt.-Colonel O'LOGHLIN** (South Australia) [5.10 a.m.].—I do not intend to make the discussion of this clause a personal wrangle between myself and Senator Guthrie. Whilst he was speaking, I interjected that he had supported these proposals when they formed a part of the Labour party's programme, which was made the subject of two referendums. He denied my statement. Does he still deny it?

**Senator GUTHRIE.**—I did not deny it.

**Senator Lt.-Colonel O'LOGHLIN.**—The honorable senator did deny it, and if he continues to do so he will deserve the epithet which he applied to me, and which he had to withdraw. In other words, he will be a scab on the Labour movement.

**Senator SENIOR** (South Australia) [5.11 a.m.].—If Senator Gardiner will look at the Bill carefully he will see that the proposal of the Government is far more embracing than is his own amendment.

**Senator GARDINER.**—I merely desire to add certain powers to the Bill.

**Senator SENIOR.**—The honorable senator reminds me of a certain Irishman who made a will in which he bequeathed to his beloved wife Bridget all that he possessed without reserve, whilst to his brother he left one-half of what remained, and to a third party in Ireland, one-third of the balance of his estate.

**Senator NEEDHAM.**—The honorable senator's imitation of the Irishman is a very bad one.

**Senator SENIOR.**—The general powers contained in the Bill include those which Senator Gardiner seeks to specifically express. Consequently, there is no need for his amendment at all. In that amendment he merely repeats what is included in the clause in a general sense. In the circumstances, I ask him not to press it.

Question—That the words proposed to be added be added (Senator GARDINER's amendment)—put. The Committee divided.

Ayes	5
Noes	21

Majority	16
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AYES.

Gardiner, A.	O'Loglin, Lt.-Colonel
Maughan, W. J. R.	Teller:
O'Keefe, D. J.	Needham, E.

NOES.

Bakhap, T. J. K.	Newland, J.
Bolton, Lt.-Colonel	Plain, W.
Buzacott, R.	Reid, M.
Crawford, T. W.	Rowell, Colonel
Earle, J.	Russell, E. J.
Fairbairn, G.	Senior, W.
Givens, T.	Shannon, J. W.
Guthrie, R. S.	Thomas, J.
Henderson, G.	
Keating, J. H.	
Lynch, P. J.	
Mulcahy, E.	

Teller:  
De Largia, H.

Question so resolved in the negative.  
Amendment negatived.

**Senator BAKHAP** (Tasmania) [5.17 a.m.].—I have again to refer to the fact that I have received from the Premier of Tasmania a communication in which this clause is regarded as much too comprehensive, and the suggestion is made that the matter be relegated for discussion to the somewhat mythical convention for which the Bill provides. It is only right for the Committee to be acquainted with the fact that the Tasmanian Ministry is inimical to the conferring of these large powers upon the Commonwealth Parliament. It seems to me quite evident that if the Commonwealth secures to its jurisdiction complete control over—

Industrial matters, including—

- (a) labour;
- (b) employment and unemployment;
- (c) the terms and conditions of labour and employment in any trade, industry, occupation or calling;
- (d) the rights and obligations of employers and employees;
- (e) strikes and lock-outs;
- (f) the maintenance of industrial peace; and
- (g) the settlement of industrial disputes,

it will take over a work so colossal that its Arbitration Court Judges will have to be increased to dozens. We cannot have these disputes settled by the Commonwealth Arbitration Court sitting here in Melbourne. There will have to be branches of the Court with resident

Judges established in every State. And in what regard will they be superior to tribunals which the States at present are competent to establish? Is it argued that Judges appointed by the Commonwealth are a superior order of beings compared with those appointed to the Benches of the various State Courts? Is it not a fact that many Judges appointed to the Commonwealth Courts have graduated, so to speak, in the Courts of the States? There is no difference between the qualifications and forensic training of Judges who exercise their functions in the State Courts and of those who exercise their functions in Courts constituted by the Commonwealth. That being so, seeing that such a multiplicity of matters will come within the ambit of Commonwealth jurisdiction in this connexion if this clause is carried, it is evident that a host of judicial appointments must be made to carry out the myriad complexities of adjudication that will arise out of the matters I have just enumerated. Resident judges must be appointed who will not leave the capital cities of the various States. They must be domiciled there. In what way will the industrial situation be advantaged by this complete jurisdiction being conferred upon the Commonwealth Court?

Senator EARLE.—Because in some cases a common rule can be made.

Senator BAKHAP.—What! A common rule for a continent—one applying to Port Darwin and embracing Bruny Island? Common humbug, that is what it is. I have voiced the collective opinion of the Cabinet of Tasmania as conveyed to me by cablegram. I am entirely in sympathy with the Tasmanian Government in their desire to preserve State jurisdiction in connexion with matters dealt with in clause 4, and shall therefore vote against the clause if the Minister does not recognise the wisdom of the suggestion made in this cablegram, to the effect that the consideration of the transfer of these powers, in their completeness, should be relegated to the proposed convention. The Tasmanian Cabinet is also opposed to the completeness of the phraseology of the provision under which matters relating to the trade and commerce power are transferred to the Commonwealth by this measure. It seems hopeless, however, to attempt to convince honorable senators, and all I can do is to hope to produce on the minds of the

electors of the Commonwealth an effect which will secure a complete rejection of the measure in Tasmania.

Clause agreed to.

Clause 5 (Trusts).

Senator BAKHAP (Tasmania) [5.25 a.m.].—The arguments to which I have referred in connexion with the comprehensiveness of other clauses of this Bill apply equally to clause 5. I have no hesitation in telling the Committee that, in my opinion, there is only one way in which the alleged profiteering and this much-desired power to fix prices can be effectively dealt with, and that is by the complete socialisation of all our national activities. It can be made effective only by constituting a State or the Commonwealth the sole wholesale agent for commodities produced in the Commonwealth or imported into it.

Senator McDougall.—Does the honorable senator recommend that?

Senator BAKHAP.—I do not, but it is the only way in which the alleged undue securing of profits by individuals can be stopped. Once the State becomes the sole dispenser of commodities, it of course can fix the wholesale prices, and then, perhaps, can exercise some complete and meticulous jurisdiction in regard to retail prices. But until the State itself becomes the sole national wholesaler, any attempt to interfere with the production, manufacture, or supply of goods, the supply of services, or "the ownership of the means of production, manufacture, or supply of goods, or supply of services," will fail to have any practical effect. Do not, for one moment, imagine that I am suggesting it would be desirable to make the nation the sole wholesale agent. That would result in the complete paralysis of national energies. But if it is thought desirable to introduce uniformity of practice in regard to the purveying of commodities, it is the only way in which it can be effectively done with anything like symmetrical completeness. That being so, I am opposed to this clause. I believe it is simply a bit of window-dressing—a kind of suggestion to the electors that something can be attempted and achieved. Nothing, however, can be effectively done even by the medium of a clause like this. It will only constitute a pernicious interference with the nation's activities. My opinion in this matter is not the opinion of the Tasmanian

Ministry. Their expressed view is somewhat favorable to this clause. I do not hesitate, however, to say that the clause will be ineffective, because the nation is not prepared to constitute itself the only wholesale agent of commodities produced in the Commonwealth or imported into it. In that way alone would we secure uniformity of prices and profits. I do not believe, however, that there should be any uniformity in regard to profits. We should have great industrial and commercial rewards, and they should be held up before the eyes of the enterprising spirits of the nation, since they contain, I think, the essentials to those efforts which make for national progress.

Question—That the clause stand as printed—put. The Committee divided.

Ayes . . . . . 24

Noes . . . . . 2

Majority . . . . . 22

AYES.

Bolton, Lt.-Colonel	Newland, J.
Buzacott, R.	O'Keefe, D. J.
Crawford, T. W.	O'Loghlin, Lt.-Colonel
Earle, J.	Plain, W.
Fairbairn, G.	Reid, M.
Givens, T.	Rowell, Colonel
Guthrie, R. S.	Russell, E. J.
Henderson, G.	Senior, W.
Keating, J. H.	Shannon, J. W.
Lynch, P. J.	Thomas, J.
Maughan, W. J. R.	
Mulcahy, E.	
Needham, E.	

Teller:

de Largie, H.

NOES.

Teller:

Bakhap, T. J. K.

Question so resolved in the affirmative.

Clause agreed to.

Clause 6—

The alterations made by this Act shall remain in force—

- (a) until the expiration of three years from the assent of the Governor-General thereto; or
- (b) until a Convention constituted by the Commonwealth makes recommendations for the alteration of the Constitution, and the people indorse those recommendations,

whichever first happens, and shall then cease to have effect:

Provided that if no such Convention is constituted by the Commonwealth before the thirty-first day of December, One thousand nine hundred and twenty, the alterations made by this Act shall cease to have effect on the said thirty-first day of December, One thousand nine hundred and twenty.

Senator O'KEEFE (Tasmania) [5.38 a.m.].—I move—

That after the word "recommendations," line 10, the words "or until the Parliament otherwise provides" be inserted.

I do not like paragraphs *a* and *b* of this clause, but I shall not waste time now in reiterating my objections to them. They make something in the nature of a farce of this measure in the opinion of those who really desire that there should be an alteration of the Constitution as proposed. Senator Keating earlier in the debate questioned the sincerity of honorable senators on this side; but he will have an opportunity, on my amendment, to test our sincerity and his own at the same time. If the amendment is agreed to, this Parliament will have the power to bring forward alterations of the Constitution as these proposals have been brought forward. We are about to have a general election, and no one can tell what may happen as a result of it. If the present Government should not continue to occupy the Treasury bench after the election, their successors may desire to bring forward proposals for the alteration of the Constitution. Senator Keating, in replying to Senator Gardiner, referred to the fact that in a number of sections of the Constitution the phrase "until the Parliament otherwise provides" is used, and by adopting that phrase in this clause we cannot go very far wrong.

Senator PRATTEN (New South Wales) [5.43 a.m.].—I regard this clause as one of the safety valves of the Bill. Very much indeed to my satisfaction it places a limit of time upon what, after all, is only a partial attempt to amend the Constitution after about eighteen years' experience of its working. I hold the view that it requires amendment in other directions, as well as in the extension of the powers of this Parliament in the way proposed in this Bill. As I indicated in my speech on the second reading of the measure, I am somewhat concerned about the wording of this clause, in so far as it affects the proposed Convention. I think I pointed out that this clause committed us practically to nothing, and that various sorts of Conventions might be constituted to comply with the strict letter of the clause. I desired to know what was in the mind of the Govern-

ment. I asserted that I was in favour of a Convention elected by the people to deal with this and other matters in connexion with the recasting of the Constitution. I intimated that a Convention might be constituted of the Premiers of the States, together with the Commonwealth Cabinet, or that the letter of the law might be fulfilled by the Commonwealth Government of the day constituting a Committee of Parliament. In passing this clause we are giving whatever Government may be in power next year a blank cheque, which is neither sound business nor good politics. It suggests itself to me that, by using the words "electors of the Commonwealth" in the clause we might make it obligatory that the Convention must be constituted by the electors of the Commonwealth. However, the various divisions we have had during this debate have indicated that it is somewhat futile to move amendments unless the Leader of the Senate (Senator Russell) agrees to them. Although, much to my satisfaction, a limit is placed upon what we are doing now in so far as time is concerned, there is some danger, and a good deal of uncertainty, with regard to how the Convention may be constituted. I am making these remarks so that the Minister may be able to pledge the Government, if it remains in power until next year, to see that nothing but a democratic Convention is elected, and I think I have already expressed the view that a democratic Convention can only be elected on the proportional system, giving all trends of political thought representation on it, which will insure that the Constitution drawn up and placed before the people will harmonize, not only with the experience we have had during the whole era of Federation, but also with what has evolved as the result of the experience of the war.

**Senator NEEDHAM** (Western Australia) [5.52 a.m.].—I am amazed at the innocence displayed by Senator Pratten in asking the Minister to adopt a system of proportional voting for this supposed Convention, when the Ministry which he has supported for the last three years has failed to bring in proportional voting for the election of members of the Senate.

**Senator REED.**—Does the honorable senator advocate proportional representation?

**Senator NEEDHAM.**—The honorable senator is supporting a Government which pledged itself to bring in proportional representation for the Senate. If honorable senators doubt my word, I refer them to the policy speech of the Prime Minister (Mr. Hughes) at Bendigo. In my opinion, this Convention will never be convoked by this Government; but supposing it is convoked, there is nothing in the clause to indicate what its character will be. I am not enamoured of the amendment of Senator O'Keefe. I do not believe in giving even to this Parliament the power which he seeks to give it. I would rather see the clause deleted, because I realize that the Government have no intention of making any effort to call a Convention. I had intended to move to add the words "by a referendum of the electors of the Commonwealth on adult suffrage not later than January, 1920." I had intended to move this to test the sincerity of the Government in the matter of summoning a Convention and determining the duration of this Bill. That is the crucial point. The duration of this Bill depends entirely on the meeting of a Convention. If no Convention is held, the Bill ceases to operate on the 31st December next year. No honorable senator can tell me that a Convention will be held, or will inform me as to the method of summoning it.

In fact, this clause is the greatest piece of political bluff that I have ever known to be put before a Parliament. I do not believe that any attempt will be made to put into operation even the flimsy powers proposed to be submitted to the people. If a division is called on the amendment, I shall vote with Senator O'Keefe, but I would much rather vote to delete the whole clause.

**Senator BAKHAP** (Tasmania) [5.56 a.m.].—All the natural powers of one who is not a member of the legal profession are required to get a clear grip of the relation of some of the sections of the Constitution to these proposed alterations. Section 128 of the Constitution says, "This Constitution shall not be altered except in the following manner"; and then it describes the procedure which is actually now under way, in that the proposed law for the alteration must be passed by an absolute majority of each House of Parliament, and so on; but in

the machinery section to which I am referring, the Constitution makes no mention of a Convention. Any Convention which is summoned must be called into being by some extraneous agency which is not defined in clause 6. It is true that mention is made of a Convention, but the clause provides that it is to be constituted by the Commonwealth. By what Commonwealth authority? By an enactment of the Commonwealth Parliament? If it is to be the latter, I venture to say that the necessary words should be inserted in this clause. No mention is made of submitting the recommendations of the Convention to the Commonwealth Parliament. There is absolutely no mention of any intervention on the part of this Parliament. Is it contemplated that, after the Convention meets, deliberates, ends its session, and makes recommendations, those recommendations shall be sent direct to the people?

Senator KEATING.—That is not contemplated. The clause is badly drafted.

Senator BAKHAP.—It seems to be an instance of a badly-framed clause. We have had one referendum, of unhappy memory so far as I am concerned, which was in essence a violation of the strict Federal principle. The Bill in which the question was referred to the people did not insure that the majority must be a majority of the electors in the aggregate and a majority of the electors in a majority of the States; but simply provided for obtaining an expression of opinion of the electors in the aggregate. No provision has been made for an observance of the rights of the various electors in the different States of the Commonwealth. Although I supported the principle of compulsory military service, that referendum was in essence a violation of the Federal principle. I suggest to the Minister that there is a possibility of the proposed Convention making this Bill *ultra vires*. I would like to hear Senator Keating on this phase of the question. I believe there should be some clear reference to section 128 of the Constitution; although admittedly while it provides the machinery, it does not make any mention of a Convention. The introduction of the proposal for a Convention into a constitutional amendment seems to present possibilities of the whole measure being regarded by the High Court as outside

the ambit of the Constitution. I suggest that sub-clause *b* of clause 6 be amended to read—

Until a Convention constituted by an enactment of the Commonwealth Parliament makes recommendations for the alteration of the Constitution, and the people indorse those recommendations. . . .

We should have such a clause, but I am not going to take the responsibility of expressing an opinion which should fall from legal lips. It may be that a Convention could be constituted in half-a-dozen different ways without reference to the Federal Parliament, but I am of the opinion that a Convention sanctioned by Parliament should be appointed, and that the recommendations of the Convention should have the approval of Parliament before the electors are asked to indorse them.

Senator RUSSELL.—All these questions have to be decided.

Senator BAKHAP.—By whom?

Senator RUSSELL.—By the Government of the day.

Senator BAKHAP.—Is not Parliament to be consulted?

Senator RUSSELL.—Certainly.

Senator BAKHAP.—The Government, in submitting a measure of this importance, should make the position perfectly clear, and not leave it in a state of mystery and doubt. I welcome the limitation provided in clause 6. That clause is a disgrace, and makes it clear that an honest attempt is not being made to amend the Constitution. It is faulty, ineffective, and vague, and no responsible Legislature should be asked to pass it.

Senator KEATING (Tasmania) [6.4 a.m.].—I agree with what Senator Pratten has said in regard to the vagueness of the provision dealing with the Convention. I am in accord to some extent with Senator Bakhap's argument, but I do not agree that it necessarily means that if this clause is passed it is reasonably probable that we would be held to have exceeded our legislative powers, and that we would be legislating in derogation of, or contrary to, section 128 of the Constitution. Any amendment of the Constitution will have to be effected by the procedure indicated in section 128.

The phraseology of this particular clause is a striking illustration of

what I said earlier in the debate in regard to the whole measure. It appears upon the face of it that it has been drafted in haste and with precipitation, and there is every indication of recklessness or carelessness. As honorable senators know, I have repeatedly stated that one of the features that justifies the Bill to me is the prospect of a revision of the Constitution by a Convention. At present there is a motion on the notice-paper in my name, which I cannot discuss at this juncture, which deals with the question of a properly-elected Convention. I believe that a Convention should be composed of members consisting of an equal number of representatives from each State, as was the original Convention which framed our present Constitution. The Convention should be limited in its scope, and its functions should be controlled by an Enabling Act passed by this Parliament. In relation to the matters mentioned by Senator Bakhap, paragraph (2) of the motion I have on the notice-paper reads in regard to my proposed Convention's recommendations—

That any such amendment or amendments so adopted shall be a proposed law for the alteration of the Constitution, and shall be dealt with in accordance with section 128 of the Constitution for passage by Parliament and submission to the electors.

Senator RUSSELL.—Do you regard that as merely formal?

Senator BAKHAP.—It is certainly clear.

Senator RUSSELL.—Would you allow Parliament to amend the law?

Senator KEATING.—As far as that particular motion was concerned that was the view I had in mind.

Senator RUSSELL.—For Parliament to amend?

Senator KEATING.—My object was to take the party spirit out of the amendment procedure.

Senator RUSSELL.—Parliament would have the right to amend.

Senator BAKHAP.—The State Parliaments.

Senator KEATING.—In the original Enabling Bill, those Parliaments had to be consulted. There is much in what Senator Bakhap says as to the necessity for making it clear; but, all the same, the absence of any expressed provision to the effect that the recommendations of the Convention should be submitted to

the Parliament would not necessarily invalidate it. I think a Court would hold that the object of the enactment was perfectly clear, and that the Convention having adopted a series of recommendations they could be submitted to the people after passage through Parliament.

Senator BAKHAP.—When the language of section 128 is so mandatory that this Constitution cannot be altered except in a certain manner, should clause 6 be passed without some reference being made in it to section 128?

Senator KEATING.—Under the Bill the words "until a Convention constituted by the Commonwealth makes recommendations" are used. But for what? The alteration of the Constitution. There is only one way in which to alter the Constitution, and that is in accordance with section 128.

Senator BAKHAP.—If the matter is not submitted to Parliament, and the people indorse this measure, could the recommendations be taken direct from the Convention and submitted to the people without reference to Parliament?

Senator KEATING.—Certainly not. Those recommendations are for the alteration of the Constitution. The constitutional procedure would have to be followed, and the proposals, embodied in a Bill passed by an absolute majority of both Houses, would have to be submitted to the people within not less than two months.

Senator RUSSELL.—All of this is based on the good faith of the Government.

Senator KEATING.—We are depending absolutely on the good faith of the Government. I am not at all satisfied with the form in which the Bill has been drawn up, and I do not like the draftsmanship. It is little use moving amendments, as the Government have evidently made up their minds, and, therefore, our position is hopeless.

Senator GARDINER.—If we made an effort, could not we postpone further discussion until to-morrow? I am afraid the Government will not get the other Bill through.

Senator KEATING.—They will get these measures through in the long run, as they have the numbers; even if it is next week. Judging by the divisions already taken, it is utterly useless to submit

amendments. We have to depend absolutely upon the Government, and the drafting employed leaves the position very vague. It is left to the Government to constitute the Convention, which may be composed of six State Premiers and a Minister or Ministers of the Commonwealth. There are all kinds of possibilities in the Bill.

Senator RUSSELL.—You must remember that this Government may not be in office.

Senator KEATING.—We have this security that, whatever the recommendations of the Convention may be, they will have to be approved by Parliament and submitted to the people. Believing that the Convention will be something of the nature I have indicated in the motion on the notice-paper, I cannot see any other course open to us but to pass clause 6.

Senator LYNCH.—Even if the worst of these eventualities comes to pass, will not the power of Parliament remain intact?

Senator KEATING.—Undoubtedly. Whatever the recommendations of the Convention may be, they will require to be indorsed by an absolute majority of both Houses of this Parliament, and then by the people and the States. I anticipate that the Convention will be a popular one. Any Government that set up a Convention constituted otherwise than on the elective principle would be courting disaster. This clause may be safely allowed to stand. I cannot support the amendment proposed by Senator O'Keefe. For years past, I have advocated an amendment of the Constitution by a Convention. I am supporting this Bill only because it is of a temporary nature, and because it promises the appointment of a Convention. That is my reason and justification for supporting the clause.

Senator RUSSELL (Victoria—Vice-President of the Executive Council, and Acting Minister for Defence) [6.16 a.m.].—The Government have not considered the constitution of the Convention beyond deciding that there shall be a Convention. The arguments advanced by honorable senators seem to be based on suspicion of the Government.

Senator PRATTEN.—Not of the Government, but of a Government.

Senator RUSSELL.—I shall speak only from my own judgment of the situation, and only with personal responsibility. The people of this country determined long ago that every adult should have a voice in all matters pertaining to the Constitution. The Government have not considered this question, and I trust will not consider it until after the elections, when we shall know whether or not we are to continue in office. But any Government, present or future, who attempt to place any restriction on the right of every adult, except those in jails and asylums, to express through the ballot-box his opinion on any proposed amendment of the Constitution, I shall oppose. No Government dare interfere with the rights of the majority of the men and women in this country to rule; whatever Government may be in power, we have passed beyond the stage when that right can be denied. The proposed Convention will be a most interesting one, not because the men of to-day are greater than those who originally formulated the Constitution—I doubt if we are as big men as they were—but because we have lived longer and through more stirring times, and we have had opportunities to discover the weaknesses in our instrument of government. And if, with the added knowledge of our times, we can only bring to our task even one half the ability that the members of the original Convention displayed, the prospects for Democracy will be brighter here than in any other country. I hope the Government will not deal with the constitution of the Convention until we know that we have been intrusted by the people with the most important work that any Government could do. The Convention should not be limited to one political section of the community. Regardless of what party may be handling the additional powers which are being conferred by this Bill, we can all be bigger Australians than we are as party men. And, although I am not enthusiastically in favour of proportional representation, I hope the Convention will be representative of public thought, even outside the ranks of politicians. We desire a Convention on broad, national, democratic lines, and without committing the Government, I promise to do anything in my power to bring that about. I hope the honorable senator will not press his

amendment, because the Bill, as amended, must be returned to the House of Representatives to-day, and then the Senate will be able to adjourn until next week.

Senator BAKHAP.—What about the Bill relating to the nationalization of monopolies?

Senator RUSSELL.—That will not take more than ten minutes, I hope. The Committee may very well agree to this clause, for whatever Government makes the arrangements for the Convention it will be one fresh from the country and bearing the impress of the Democracy.

Question—That the words proposed to be added be added (Senator O'KEEFE's amendment)—put.

The Committee divided.

Ayes	5
Noes	21
Majority	16

AYES.

Gardiner, A.	O'Loglin, Lt.-Colonel
Maughan, W. J. R.	Teller:
O'Keefe, D. J.	Needham, E.

NOES.

Bakhap, T. J. K.	Mulcahy, E.
Bolton, Lt.-Colonel	Newland, J.
Buzacott, R.	Plain, W.
Crawford, T. W.	Reid, M.
Earle, J.	Rowell, Colonel
Fairbairn, G.	Russell, E. J.
Givens, T.	Senior, W.
Guthrie, R. S.	Shannon, J. W.
Henderson, G.	Thomas, J.
Keating, J. H.	Teller:
Lynch, P. J.	de Largie, H.

PAIRS.

Barnes, J.	Foll, H. S.
Guy, J.	Pearce, G. F.
McDougall, A.	Pratten, H. E.

Question so resolved in the negative.

Amendment negatived.

Senator MULCAHY (Tasmania) [6.27 a.m.]—Attached to this clause is a proviso, that if the proposed Convention is not constituted before the 31st December, 1920, the alterations made by this Bill shall cease to have effect. The intention is to submit the proposed amendments to the people at the next election, and if the people give a favourable judgment legislation will follow. I think it is desirable that there should be some experience of the effect of that legislation before the Convention is called upon to deal with the Constitution generally. But there is no possibility of that experience being available. If the Convention is called to-

gether towards the end of next year I hope that it will be elected by the people, but it might as well be appointed next month if it is not to have the advantage of a knowledge of the working of the Constitution as amended by this Bill. It would be advisable for the Government to extend the date before which the Convention must be called together to the 31st December, 1921.

Senator RUSSELL (Victoria—Vice-President of the Executive Council and Acting Minister for Defence) [6.30 a.m.].—I am in favour of the Convention being convened without delay. It ought to be created within six months after the general elections, and if it cannot complete its labours within two years it will be doing very poor work indeed. I move—

That the following sub-clause be added:—“(2) No law passed by the Parliament by virtue of the powers conferred by this Act shall continue to have any force or effect, by virtue of this Act, after the alterations made by this Act have ceased to have effect.”

This appears to be a logical outcome of the limitation of the period.

Senator GARDINER (New South Wales) [6.34 a.m.].—This is an opportune time to initiate a discussion upon the point raised by the Minister (Senator Russell). The Bill, I understand, has been introduced for the purpose of enabling the Government to be vested with power to deal with profiteering. Why should such legislation be allowed to perish? If the new Parliament devises means of effectively dealing with the profiteers, why should not that authority continue for more than three years? If the Convention is not convened within twelve months we shall be powerless. It may be that within twelve months we shall be engaged in another war.

Senator PRATTEN.—Or a double dissolution.

Senator GARDINER.—One of the probable results of the coming election is a double dissolution within six months, because, if the Labour party come into power with an overwhelming majority in the other House, we would not attempt to carry on the business of the country with a majority against us in the Senate. If honorable senators had time to give attention to the amendments I indicated, they would realize that I was aiming at the abolition of the Senate. I do not say that I have any personal desire to see it abolished, but I am in close touch with

the democratic currents in this community, and I know that the desire is to have a Parliament with one effective House. The future is fraught with grave issues. Profiteering is neither a new nor a strange growth. Dick Turpin carried on his business in a decent way, but the modern profiteering merchant is very often beneath contempt. This Senate is an intelligent gathering, and yet some honorable senators pretend that profiteering is not being carried on in the community. I venture to say that the housewife who goes down the street to buy boots for her sons or daughters, and pays three times the price formerly charged is of a different opinion. Forty or fifty years ago, and when manufacturers had not the elaborate machinery of to-day, it was possible to buy a pair of boots for less than the present-day prices.

Amendment agreed to.

Clause, as amended, agreed to.

Preamble and title agreed to.

Bill reported with amendments; report adopted.

### THIRD READING.

Motion (by Senator RUSSELL) proposed—

That this Bill be now read a third time.

The PRESIDENT (Senator the Hon. T. Givens).—As this Bill requires an absolute majority of the whole Senate, I direct the bells to be rung for two minutes, so that all honorable senators may have an opportunity of being present to vote.

Question—“That the Bill be now read a third time,” put—

Senator BAKHAP.—No.

The PRESIDENT.—There being more than an absolute majority of the whole Senate present, and only one dissenting voice, I declare the third reading carried, and I direct the Clerk to take a list of all honorable senators present, so that there may be a record of the vote.

Senator BAKHAP.—Do you, Mr. President, direct the Clerk simply to record the names of all honorable senators present without recording the dissentient voice?

The PRESIDENT.—The Clerk will record that there was one dissentient voice, and, there being only one, no division is required. All other honorable senators will be recorded as voting in the affirmative.

Senator BAKHAP.—Will not the dissentient senator be mentioned by name?

The PRESIDENT.—If the honorable senator dissenting requires his name to be recorded it may be done.

Senator BAKHAP.—Then, Mr President, I desire my name to be recorded as dissenting from the third reading of the Bill.

Senator NEEDHAM.—Is it customary, Mr. President, to give a direction to the Clerk on a matter like this?

The PRESIDENT.—It has been customary, although not strictly required by the Standing Orders, to take a record of the passage of any Bill of this nature. The Standing Orders really require a call of the Senate to assure that every honorable senator shall be present at the third reading of a Constitution Alteration Bill. My object in directing the Clerk to record the names of honorable senators present is to remove all doubt as to the Bill having been passed by an absolute majority of the whole Senate. I take this responsibility on myself, so that there can be no cavil as to what has occurred.

Senator NEEDHAM.—May I ask, then, why a call of the Senate was not made so as to make doubly sure?

The PRESIDENT.—For the simple reason that there was not time. I may also point out that the Standing Orders were suspended, and, therefore, it was not necessary to have a call of the Senate.

Later:

The PRESIDENT.—I wish to announce that the tally taken by the Clerk of senators present is twenty-seven, and only one dissentient voice leaves twenty-six voting in the affirmative. That is far more than the required statutory majority, and, therefore, I declare the third reading carried according to the Constitution Act.

Bill read a third time.

### CONSTITUTION ALTERATION (NATIONALIZATION OF MONOPOLIES) BILL.

#### SECOND READING.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [6.47 a.m.].—I move—

That this Bill be now read a second time. I referred to other Bills as “old friends,” and the one before us is certainly one. It is practically the proposal submitted on at least two occasions

to the people in order to give to the Commonwealth Government power to perform several functions in connexion with the ownership of businesses, and, if necessary, to take over a monopoly under certain conditions. A condition in the previous Bills was that Parliament, by resolution, could declare a particular industry or business a monopoly, and then acquire it by resolution of the House on just terms. However, I do not think that Parliament itself would have attempted for one moment to determine the just terms, but would probably have referred the matter to the High Court. Under the proposal before us now, there is the guarantee that a resolution of both Houses, passed in one session, will be required for the remission of the question for inquiry to the High Court. On receiving a report from the High Court, a resolution of both Houses will be again required to enable Parliament to acquire a business.

Senator THOMAS.—That all has to be done in three years.

Senator RUSSELL.—In the same session. The Ministry could go as fast as Parliament would allow or desired, and I am not in a position to determine the pace. The present provision is practically the same as that introduced before, though different in words. I do not think that Parliament itself is quite the institution to deal with the question of valuation and of the fair rate at which it should take over the assets and good-will of any existing business; and in my opinion the High Court is the most competent tribunal we could select for a purpose of the sort.

The Bill, further, gives power to the Commonwealth to exercise certain functions which, I think, ought to be enumerated. They are as follows:—

The Parliament shall have power to make laws for carrying on by or under the control of the Commonwealth, the industry or business of producing, manufacturing, or supplying any specified goods, or of supplying any specified services, and for acquiring for that purpose on just terms the assets and good-will of the industry or business . . . .

And so on. That clause shows the power to be a fairly comprehensive one; but I believe its greatest value will not be in its use, but rather in pointing a finger of warning as to what may happen should any body or company conducting a business become a close monopoly.

I do not put the Bill forward in the hope or fond belief that it will cause the Government to adopt a policy of the nationalization of any or every industry. That power is carefully guarded and limited to monopolies ascertained by the Government to be such. However, power is given to the Commonwealth to conduct and carry on certain businesses, and it is a large power.

Senator GARDINER (New South Wales) [6.50 a.m.].—I ask the Vice-President of the Executive Council to follow the usual course, and grant me the adjournment of the debate at this hour of the morning. We have had a lengthy sitting, and we must have proper time to consider this important Bill. The debate might be adjourned until next Wednesday or Thursday, or any day the Minister wishes.

The PRESIDENT (Senator the Hon. T. Givens).—An honorable senator cannot make a speech when moving the adjournment of a debate.

Senator GARDINER.—I cannot sit down, or I shall lose my opportunity.

The PRESIDENT.—If the motion for the adjournment of the debate is defeated, the honorable senator will not forfeit his opportunity.

Senator RUSSELL.—The honorable senator has been very patient, and I think we might proceed with the Bill.

Senator GARDINER.—I should like to say a few words on the subject of monopolies, of which Senator Pratten seems to think there are none. I remind the honorable senator that in the Queen City of Sydney, so many voters of which he ably represents, there are quite a number of monopolies, both growing and well developed.

Senator REID.—What is a monopoly?

Senator GARDINER.—A monopoly is created when a company, person, or corporation obtains control of some commodity or service that the rest of the community must use, and I give as an illustration the ferry service in Port Jackson. Quite recently the ferry company increased fares by 50 per cent., and these fares the residents in the northern parts of the city are compelled to pay in order to attend their business. The monopoly of that company has been created by concessions granted in the early days, and their action has been deemed so important

that a Commission has inquired into it. Then, again, there is the gas monopoly in Sydney. I am well aware that the Gas Company's shareholders comprise all sorts and conditions of men and women, but the monopoly is already one of the most iniquitous the city ever suffered under.

Senator REID.—I thought the State Parliament had passed an Act relating to the Gas Company.

Senator GARDINER.—That is not so. One of the evils of the gas monopoly is that when there is industrial trouble, and the supply of coal is running short, and the hours for using gas are limited, the gas bills, by some mysterious means, are as large as under ordinary circumstances. In saying this, I speak of a fact that I know, and such action on the part of people who have the control of commodities and services ought to be dealt with drastically. I am watching the movements of the world in dealing with monopolies, and, so far as I can see, they are dealt with most effectively in Italy. There direct action is taken; and I venture to say that we are within easy distance of direct action here. If Senator Newland will join me, leaving the Adelaide gas monopoly to be dealt with later, I think that, when the next industrial trouble is on, we could "deal it out" to the Sydney Gas Company. I am informed, though I am not scientist enough to know whether it is correct or not, that a certain method of mixing water and gas was used, making it quite a marvel that it did not explode. With a view to imposing on the people, the gas company took that great risk, and might have been the means of blowing Sydney to pieces. However, no explosion occurred.

This is a Bill in which the Government promise to deal with monopolies, but they deliberately eliminate provisions for taking monopolies over, though in similar Bills previously presented to Parliament, that power was given. The shipping companies trading on the Australian coast combine to form a huge monopoly, and are able to take the biggest share of the profits from the producers. The power to deal with a monopoly of that kind should rest with Parliament. One shipping company on the immense coast of Queensland eventually got the monopoly of the trade, and by skilful manipulation of prices created a burden that the people have to carry day by day and year by

year. In the Bills introduced by the Labour Government there was a sensible, practical, and rapid way of defining a monopoly, by means of a resolution. In the present Bill that definition is left to the High Court. As I said earlier, the members of the High Court have my respect and esteem as men well fitted to give decisions on points of law, but there is nothing to show that they are in any way equipped to decide what constitutes a monopoly. They are busy men, carrying on functions for which their life training has fitted them. But why give them another function for which they are not equipped with any particular knowledge?

Senator BAKHAP.—The High Court has only power to inquire and report—it has no power of prohibition.

Senator GARDINER.—Can the High Court declare what is a monopoly?

Senator BAKHAP.—It inquires and reports as to whether there is a monopoly.

Senator GARDINER.—So that if they report that a business is a monopoly, it is one; and if they report that it is not a monopoly, it is not one.

Senator BAKHAP.—Parliament could still take action in face of a report favorable to a monopoly.

Senator THOMAS.—What chance would Parliament have if the High Court said a business was not a monopoly?

Senator GARDINER.—I would not mind such a report as that, because if the High Court said that the Sydney Ferry Company, for instance, was not a monopoly, and we knew that it was, we would decline to accept their report.

Senator BAKHAP.—The power supposed to be given to the High Court is more illusory than real.

Senator GARDINER.—I am sure the exposition of this measure will be in abler hands if left to Senator Bakhap, and, therefore, I shall not proceed further.

Senator BAKHAP.—But I shall go a little further.

Senator NEEDHAM (Western Australia) [6.59 a.m.].—It is most remarkable that, after sitting all night, we should be called upon now to consider another measure for an alteration of the Constitution. If the Bill we have just passed could be described as rushed through without decent consideration, so can the Bill now before the Senate. We assembled here yesterday afternoon at 3 o'clock.

We are here as elected representatives of the people.

Senator REID.—Doing our duty.

Senator NEEDHAM.—Does the honorable senator tell me he is doing his duty when assisting to pass this measure in the few moments remaining at our disposal, after an all-night sitting?

Senator REID.—You have been wasting time since three o'clock yesterday afternoon.

Senator NEEDHAM.—I have never wasted any moment of the time of the Senate.

Senator RUSSELL.—I do not think this is quite fair. Before it was decided to adjourn on Wednesday last, I arranged with your Leader for these Bills to be dealt with.

Senator NEEDHAM.—I am not aware of any arrangement having been entered into; but, for the Minister's own sake, I think we should now adjourn. A strain is being put upon him which no Government or Parliament should seek to impose. Senator Russell is the only Minister attendant in this Chamber now, and he cannot well leave it. The position now is that the Senate must continue its sitting, even if the discussion has to be driven along until twelve o'clock to-night.

Senator REID.—This is a good old friend; you have often met it before.

Senator NEEDHAM.—This is not the Bill for which I voted on previous occasions. This measure seeks to impose upon the Federal Parliament another Parliament, namely, the High Court.

Senator SENIOR.—To furnish a report.

Senator NEEDHAM.—To declare what is a monopoly. This is not the same old friend; it is a stranger. Even supposing that Australia were to be so fortunate, after the next elections, as to witness the return of the Labour party to power in the House of Representatives, there would not be a Labour majority in the Senate. The procedure indicated in this measure is that the investigation of a monopoly must pass through the intricacies of the High Court and run the gantlet of both Houses of Parliament; then back again it goes to the High Court. This is certainly not the Bill I voted for in 1911 and 1912. We should be quite honest, and tell the people that it is a sham and a bluff, and as big a fraud as the measure which has just been disposed of.

Senator BAKHAP (Tasmania) [7.10 a.m.]—The greatest monopoly of all—that which has aroused the greatest indignation among the people of the Commonwealth—has been the State monopoly exercised by Queensland, New South Wales, and South Australia. I remember bringing before the Senate the fact that the South Australian Government had prohibited the export of wheat to Tasmania when a quantity was about to be despatched in pursuance of a contract entered into between Tasmanian millers and the Farmers Union of South Australia. Honorable senators will recall the indignation expressed throughout Australia over the action of Mr. Ryan in prohibiting the export of cattle across the borders of Queensland. The New South Wales Government also prohibited the export of wheat to sister States. I expect to be regarded as a Conservative, and as one who believes that the Federal Constitution is sacred. I do not hold that view of the Constitution. I regard it rather as a structure in which the young Commonwealth resides. We should continue to live in that house until we are thoroughly conversant with any structural defect which time may disclose. The actions of the States in setting up monopolies amount to a stultification of the intentions of the people of the Commonwealth, who have entered into the Federation. We believed that the Federal Constitution would set up a condition of complete free trade between the States; but it did not do so. I am prepared to vote for an amendment of the Constitution which will limit the sovereignty of the States with respect to their powers of prohibiting export, thus interfering with the principle of Inter-State Free Trade. Is Mr. Ryan touched by this measure? Is Mr. Holman? Is Mr. Peake? Are the States to be in any way hindered in refusing to export commodities if they prefer to be selfish? The powers of the States are in no way circumscribed by this measure. Mr. Ryan, unfortunately, was recently successful in regard to the principle underlying the prohibition of State export. The Premier of Queensland will be in no way prejudiced by the provisions of this Bill. This measure is a delusion and a snare. It is set up to attack enterprises which have been instituted by successful corporations or private individuals. The continued existence of a power such as this

would do much to check the enterprise of the Australian people. Who would care to employ his capital in the establishment of a big enterprise if, because it became a profitable concern, it rendered itself liable to acquisition by the State authority? Any industry or business may be acquired by the Commonwealth under this Act if each House of Parliament, by resolution, refers the matter, in the first place, to a Judge of the High Court for his decision. In connexion with a remark made by Senator Gardiner I desire to point out that a Judge of the High Court has no power to prohibit parliamentary action. The question really involves very little in the way of protection to the man who is conducting a successful business. Each House of Parliament, while respecting the report of a Judge of the High Court, may in turn pass a resolution declaring an industry or business to be a monopoly; it may do that in spite of a report of a Judge of the Court. I promised to be brief in discussing this measure, and I merely wish to indicate that it is my intention to move an amendment in line 18 of sub-clause 1 of clause 2 to insert after "monopoly" the words "detrimental to the Commonwealth." I also intend moving to insert at the end of sub-clause 2 the word "detrimental" before "monopoly." Surely the logic of my intention is evident to honorable senators. I do not wish all businesses to be placed in the position of being acquired at the will of Parliament, even after a Judge of the High Court has reported that a business is a monopoly. There are monopolies that may be detrimental and there are those that may be beneficial to the Commonwealth.

Senator Colonel ROWELL.—What about the Colonial Sugar Refining Company?

Senator BAKHAP.—Yes, the Colonial Sugar Refining Company is an industry which is carried on with great success, not only in Australia, but in the British Dependency of Fiji. I ask the Minister (Senator Russell) in all seriousness if the Government contemplate dealing with such an undertaking? The Minister is dumb. The Colonial Sugar Refining Company has been carrying on its operations with great success, and has been mixing sugar with brains. This enterprise is placing sugar in the hands of the Australian people at a price per head that is trifling. Is such an industry to be

exposed to the dangers of an inquiry by a High Court Judge, who may report that it is a monopoly, while, at the same time, he may be of opinion that it is not a detrimental monopoly, or one that is at all prejudicial to the interests of the nation? The fact that he reports that such an undertaking is a monopoly will give Parliament the power to control it, simply because the success with which its operations are carried on makes the mouths of some people water. Let honorable senators remember that if Senator Gardiner's prediction comes true these things will be done by a *unicameral* Legislature. I think any fair-minded man will realize the fairness of the amendment I suggest. If a Judge of the High Court reports that an industry or business is detrimental to the best interests of the Commonwealth, it will be time enough for this Parliament to take action. Why should it take action or hold the scourge, so to speak, over any successful business that may be of the greatest value to the community. Action may be taken towards a company that may be valuable in the way of paying dividends for distribution, or valuable from a hundred different stand-points. Although this measure is premature it is not necessary to say that it does not touch the great State monopolies which interfere with the principle of Free Trade between the States. Its claws will be clipped to some extent if the amendment I have suggested is adopted by the Committee. I ask honorable senators in all fairness not to pass the Bill in its present form.

Senator O'KEEFE (Tasmania) [7.22 a.m.]—It is not my intention to discuss the merits of the Bill, but to voice a strong protest against the action of the Government in asking honorable senators to sit for such a lengthy period.

Senator BAKHAP.—What is the use of protesting?

Senator O'KEEFE.—I am objecting to the manner in which these measures have been introduced. The present procedure is being followed merely to please the Prime Minister (Mr. Hughes)—that past master in the art of political dodgery. Honorable senators have been compelled to sit through the whole night and well into the morning, so that the Prime Minister may have the opportunity of arranging for a general election to be held on a day that suits him. The Government have

a strong working majority, and there are five or six months available, in which a lot of useful work could be done. We are asked to perform the impossible task of intelligently discussing measures of supreme importance after an all-night sitting.

Senator BAKHAP.—Thus do we legislate the rights of honest people away.

Senator O'KEEFE.—Yes; and I know that Senator Bakhap believes we should not legislate at all in this direction. It is not my intention to discuss the Bill. I am disgusted with what we are being asked to do. It is an outrage on political decency; and even in the most strenuous party warfare, with all its bitterness, we should not be asked to work in this way. Even if honorable senators on this side now walked out of the Chamber and allowed the Government to carry the measure without opposition, we should not be asked to submit to such a physical strain as these night-long sittings impose.

Yesterday there were taken from the Queen's Hall the mortal remains of one who has been called the greatest Australian who has adorned this Legislature. He was a great Australian, but his services were lost to this country many years before they should have been, owing, principally, to the physical strain imposed upon him in the early days of his parliamentary life. Is it fair to ask men, elected by the people, to sit here all day and all night to watch their interests? Or are we to allow the Government to do as they like? We are asked to pass these Bills in a few hours, to allow the Government to hold an election before Christmas. The Government have had ample time and power in the past few years to do almost everything they are seeking to do under this Bill. Ever since the famous High Court decision was given in what is known as the Bread Case, in 1915, the Commonwealth Government have known they possessed power to deal with profiteering. It is solely to suit the wishes of the Prime Minister that honorable senators are asked to expedite the passage of these Bills. So long as the Government have their silent majority at hand day and night, we can "lump" it if we do not like it. What opportunity have we had of dealing with the important questions involved? I will not accept any blame in the matter; the fault will lie with the Government. It is an insult to the intelligence of the men sent here, and

to the intelligence of the people who elected us, that we should be asked to legislate in this way. If honorable senators supporting the Government dared to tell the people what is in their minds, I am sure they would re-echo my sentiments.

The Bill contains so much that is of vital importance to the electors that one would be mad to attempt to discuss its merits and demerits after the strain of a sitting extending over sixteen hours and a half. I merely repeat my emphatic protest against what the Minister has compelled us to do. I quite anticipate that the Minister will reply that an arrangement was made with the Leader of the Opposition (Senator Gardiner) that these two constitutional amendments should be passed through the Senate by to-day. I was not aware of that arrangement until an early hour this morning, because, owing to my absence in another State on important political business, my Leader had not an opportunity of telling me earlier.

Senator GARDINER.—I made no arrangements that interfered in any way with the right of full discussion by every honorable senator.

Senator O'KEEFE.—The Leader of the Opposition never does do anything to interfere with the right of discussion by every honorable senator. I have always contended that the Leader must have from his party power to make such arrangements as are necessary for the convenience of the Senate.

Senator RUSSELL.—I object to the accusation that I sprang a surprise upon the Senate. I told the Senate and its responsible leaders that the two Bills had to be passed by Thursday night. I am half a day behind.

Senator O'KEEFE.—One day was lost because of the sad event which was concluded in this building to-day.

Senator RUSSELL.—I am only defending myself against the attack made on me for rushing these measures through.

Senator O'KEEFE.—I am blaming, not the Minister, but the Government.

Senator GARDINER.—Senators Mulcahy and Bakhap "stone-walled" the previous Bill last night.

Senator O'KEEFE.—I believe that there has been as much discussion by Government supporters as by honorable

senators on this side of the House. I conclude by indorsing the statements made by Senator Needham in condemnation of the provision that a Judge of the High Court must declare what a monopoly is after both Houses have declared some business to be a proper subject for reference to the Court, and that then the whole business must be gone through again by Parliament. This roundabout method of legislation destroys a good deal of the usefulness that was in the original Bill. Nevertheless, I support the Bill as it is for the good that there may be in it, whilst offering a strong protest against the method that the Government have adopted.

Question resolved in the affirmative.

Bill read a second time.

*In Committee:*

Clause 1 agreed to.

Clause 2—

The Constitution is altered by inserting, after section 51, the following section:—

“51A. (1) The Parliament shall have power to make laws for carrying on by or under the control of the Commonwealth, the industry or business of producing, manufacturing, or supplying any specified goods, or of supplying any specified services, and for acquiring for that purpose on just terms the assets and goodwill of the industry or business, where each House of the Parliament has in the same session, by resolution passed by an absolute majority of its members, referred to the High Court, for inquiry and report by a Justice thereof, the question whether the industry or business is the subject of a monopoly, and where, after the report of the Justice has been received, each House of the Parliament has, in one session, by resolution passed by an absolute majority of its members, declared that the industry or business is the subject of a monopoly.

Senator BAKHAP (Tasmania) [7.37 a.m.].—For reasons which I indicated in my remarks on the second reading, I move—

That after the word “monopoly,” line 16, the words “detrimental to the Commonwealth” be inserted.

Amendment negatived.

Senator BAKHAP (Tasmania) [7.38 a.m.].—I do not necessarily regard my defeat on the previous amendment as conclusive in regard to parliamentary action in the same direction. I therefore move—

That before the word “monopoly,” line 21, the word “detrimental” be inserted.

Amendment negatived.

Clause agreed to.

### Clause 3—

The alterations made by this Act shall remain in force—

- (a) until the expiration of three years from the assent of the Governor-General thereto; or
- (b) until a convention constituted by the Commonwealth makes recommendations for the alteration of the Constitution and the people indorse those recommendations,

whichever first happens, and shall then cease to have effect:

Provided that if no such convention is constituted by the Commonwealth before the thirty-first day of December, One thousand nine hundred and twenty, the alterations made by this Act shall cease to have effect on the said thirty-first day of December, One thousand nine hundred and twenty.

Senator NEEDHAM (Western Australia) [7.39 a.m.].—I move—

That before the word “Commonwealth” in sub-clause (b), the words “electors of the” be inserted.

If that amendment is agreed to I shall later move to insert a provision that the Convention must be held not later than February, 1920. The effect of the two amendments is that a Convention chosen by the electors of the Commonwealth shall be held not later than February, 1920.

Senator BAKHAP.—How can that be done? The count for the Senate election will hardly be concluded in February.

Senator NEEDHAM.—The elections will be held on the 13th December, and we shall know before the following February who are to represent the people in the new Parliament. But even if by that date the result is not known because of the bastard system of electing the Senate that is to be introduced, there will still be a Government in power who will still be a Government in power who will be able to take the steps necessary to give effect to the amendment.

Senator BAKHAP.—Why did not the honorable senator propose that amendment on the previous Bill?

Senator NEEDHAM.—I supported another amendment, which would have had a similar effect. I desire to test the sincerity of the Government by ascertaining whether there is to be a Convention, and when it will be held.

Question—That the words proposed to be inserted be inserted—put. The Committee divided.

Ayes	..	..	6
Noes	..	..	20
Majority	..	..	14

## AYES.

Bakhap, T. J. K.	O'Loghlin, Lt.-Colonel
Gardiner, A.	Teller:
Maughan, W. J. R.	Needham, E.
O'Keefe, D. J.	

## NOES.

Bolton, Lt.-Colonel	Newland, J.
Buzacott, R.	Plain, W.
Crawford, T. W.	Reid, M.
Earle, J.	Rowell, Colonel
Fairbairn, G.	Russell, E. J.
Givens, T.	Senior, W.
Guthrie, R. S.	Shannon, J. W.
Henderson, G.	Thomas, J.
Keating, J. H.	Teller:
Lynch, P. J.	de Largie, H.
Mulcahy, E.	

## PAIRS.

Barnes, J.	Foll, H. S.
Guy, J.	Pearce, G. F.
McDougall, A.	Pratten, H. E.

Question so resolved in the negative.

Amendment negatived.

Amendment (by Senator RUSSELL) agreed to—

That the following new sub-clause be added:—

“(2) No law passed by the Parliament by virtue of the powers conferred by this Act shall continue to have any force or effect, by virtue of this Act, after the alterations made by this Act have ceased to have effect.”

Clause, as amended, agreed to.

Preamble and title agreed to.

Bill reported with an amendment; report adopted.

## THIRD READING.

Motion (by Senator RUSSELL) proposed—

That this Bill be now read a third time.

The PRESIDENT (Senator the Hon. T. Givens).—This being a Constitution Amendment Bill, it requires a statutory majority of the whole Senate, and I direct that the bells be rung for two minutes, so that all honorable senators may have an opportunity to be present to record their votes.

Question—“That the Bill be now read a third time”—put.

Senator BAKHAP.—No.

The PRESIDENT.—I hear only one dissentient voice, but in order that there shall be no doubt as to the constitutional majority in the affirmative, I direct the Clerk to take a record of all honorable senators present, and I ask Senator Bakhap if he desires to have his name recorded as being the dissentient?

Senator BAKHAP.—Yes, Mr. President, I request that my name be recorded as that of the dissentient senator.

The PRESIDENT.—There being twenty-six members present, and only one dissentient voice, I declare the Bill carried by more than the statutory majority required by the Constitution Act.

Bill read a third time.

## SPECIAL ADJOURNMENT.

Motion (by Senator RUSSELL) agreed to—

That the Senate, at its rising, adjourn till Wednesday next.

## ESTIMATES, 1920.

Senator RUSSELL (Victoria—Vice-President of the Executive Council and Acting Minister for Defence [7.53 a.m.]).—I present the Estimate of Receipts and Expenditure for the year ending 30th June, 1920, together with the Budget papers, and move—

That the papers be printed.

I ask leave to continue my remarks on a subsequent occasion.

Leave granted; debate adjourned.

## COMMONWEALTH RAILWAYS.

Report of Joint Committee of Public Accounts on the Working of Commonwealth Railways, presented by Senator EARLE.

## PAPERS.

The following papers were presented:—  
Taxation of Leasehold Estates in Crown Lands—Report of Royal Commission.  
Defence Act 1903-1918.—Regulations amended.  
Statutory Rules 1919, Nos. 236, 237, 240, 242.  
War Precautions Act 1914-1918.—Regulations amended.—Statutory Rules 1919, No. 241.

## ADJOURNMENT.

RETIREMENT OF CAPTAIN HAYNE AND CAPTAIN CONWAY: CANCELLATION OF RECORDS—TROUBLE ON TRANSPORT “BAHIA CASTILLO.”

Senator RUSSELL (Victoria—Vice-President of the Executive Council and Acting Minister for Defence) [7.58 a.m.].—I move—

That the Senate do now adjourn.

On the 1st October, Senator Gardiner asked the following question:—

Whether the Acting Minister for Defence has received a communication from Captain Hayne, who retired through ill-health from the Defence Department, in which he complains that the record of his military services was actually cancelled by regulation?

I am now able to furnish the honorable senator with the following information:—

Owing to a clerical error, the word "Cancelled" was used in terminating the appointment of Captain R. Hayne, instead of the word "terminated." The necessary alteration is being made.

**Senator GARDINER** (New South Wales) [8.0 a.m.].—I very much regret to detain the Senate at this hour of the morning, but I desire to say that the answer just given by the Acting Minister for Defence (Senator Russell) in regard to Captain Hayne is not correct. When, some time ago, I asked the Minister whether he had received a letter from Captain Hayne, he informed me that he had not. Since then, I have had a letter from Captain Hayne, and the facts disclosed are such as to show that he has had his services to Australia cancelled; and, further, that from the military records, which came out after the cancellation, his period of service in the military since 1916 has been removed, along with that of another officer. The letter which Captain Hayne wrote to the Minister was as follows:—

"Park View,"  
Bourke-street, Waverley,  
11th September, 1919.  
The Hon. the Minister for Defence,  
Melbourne.

Dear Sir,

I wish to bring before your notice a very serious matter in connexion with the records of my service in the Permanent Military Forces.

In 1916, I was appointed D.A.Q.M.G. (A.I.F.), the appointment appeared in M.O. 170 of 18th April, 1916, which read as follows:—

DISTRICT STAFFS.

2nd Military District.

With reference to M.O. 508/1915, the following temporary appointments are approved to date from 1st April, 1916:—

DISTRICT HEAD-QUARTERS STAFF.

G.S.O. (A.I.F.), Captain (Hon. Major) P. M. McFarlane, A. & I. Staff.  
D.A.A.G. (A.I.F.), Captain T. P. Conway, A. & I. Staff.  
D.A.Q.M.G. (A.I.F.), Captain R. Hayne, A. & I. Staff.

After I had carried out the duty allotted to me for over twelve months, Military Order 272 of 30th June, 1917, was issued cancelling the appointment. The following is a copy of the Order:—

DISTRICT STAFFS.

2nd Military District.

The appointments of Captains T. P. Conway and R. Hayne, A. & I. Staff, to be D.A.A.G., Australian Imperial Force, and D.A.Q.M.G., Australian Imperial Force, respectively, which were notified in Military Order 170 of 1916 are cancelled.

It will be noted that the appointment is not "terminated" but "cancelled," which, in effect, has expunged from the records the fact that I performed the duties of D.A.Q.M.G. (A.I.F.), thus depriving me of the credit of having carried out the important and responsible duties of this appointment in connexion with the war.

That it was the intention of the Order to expunge this important duty from my records is borne out by reference to the *Officers' List of the Australian Military Forces*, dated 1st July, 1917, page 255-9, where the appointment of D.A.Q.M.G. for A.I.F., 2nd Military District, is shown opposite my name; and to the *Officers' List of the Australian Military Forces*, dated 1st August, 1918, page 241, where it will be noted that the appointment in question has been expunged.

May I invite your attention to the fact that one of the appointments made in M.O. 170/1916 was not cancelled. These appointments (*vide* M.O. 170/1919) were made on the recommendation of General Ramaciotti, when he was Commandant of New South Wales, and were approved by the Military Board; which plainly shows that they were considered necessary.

It would appear that my duties were carried out in a satisfactory manner, as my name was brought to the notice of the Minister for specially meritorious services rendered in Australia in connexion with the war, and an entry was made accordingly in my records of service. (*Vide* M.O. 447/1917.)

I now claim that I am entitled to receive credit in my records for the performance of the duties of D.A.Q.M.G. (A.I.F.), 2nd Military District, in accordance with the tenor of my appointment in M.O. 170/1916.

I contend that no one has power over the past. I was appointed to the position, and I performed the duties for over twelve months. These facts cannot be altered. Consequently, I consider it a gross injustice to expunge it from the records.

I, therefore, request that this matter be fully inquired into, and that the Officer or Officers responsible for the cancellation of the appointment be called upon to show what justification he or they had for such an arbitrary act of unjust repudiation.

Yours faithfully,

R. HAYNE, Major,

Retired List.

(Late of the A. & I. Staff.)

The Minister has said that the records will be put right. This man is now out of the Service, broken down in serving his country, and retired on account of ill-health, with a full allowance obtained after some delay. There were three officers appointed in one *Gazette* notice—Major MacFarlane, Captain Conway, and Captain Hayne; and I should like to know whether, if Captain Hayne's record is restored, Captain Conway's will also be.

**Senator RUSSELL.**—The two cases are different.

**Senator GARDINER.**—The facts are identical, and for months I have been aware of them; but I do not make a practice of bringing officers' complaints before the Senate. When, however, I see an attempt made by officers in authority to take away records of meritorious services, it is time to take some action. When Captain Hayne answered the roll call at the Newcastle Camp, he answered to the titles of five different positions; and it was in doing three men's work that this powerful young man broke down. Captain Conway is another brilliant young officer; and both he and Captain Hayne were prevented from going to the Front. The Minister now says that a mistake has been made, and no doubt he believes he is stating the facts; but if there is a mistake, it is one that cannot be allowed to continue. Everything I have stated here is exactly true. I have seen the list where the names appear in one year, and are struck out the next. Three officers were appointed, and two had their appointments cancelled, while the third had not; and I ask the Minister to give his serious attention to the matter, and not be satisfied with information that makes it appear that there has been merely a mistake.

**Senator NEEDHAM** (Western Australia) [8.7 a.m.].—Has the Acting Minister for Defence (Senator Russell) any further information to impart as to the trouble on the *Bahia Castillo*, which, I understand, is to arrive to-morrow? The Minister informed me that he desires to have an inquiry by a combined tribunal, representing his own Department and that of the Navy; and it is only right that the Senate and the country should know whether, and when, such an inquiry is to be held. We should also know definitely the composition of the tribunal, and whether it will be open to the public, with evidence taken on oath.

**Senator RUSSELL** (Victoria)—Vice-President of the Executive Council and Acting Minister for Defence) [8.9 a.m.].—On the last occasion when I replied to a question by Senator Needham relating to the *Bahia Castillo*, I said I intended to communicate with the Minister for the Navy (Sir Joseph Cook) in order to have as full and complete an inquiry as possible. I do not think I have left the chamber since then, but I hope to see the

Minister for the Navy some time to-day. If a definite decision is arrived at, I shall communicate with Senator Needham.

As to the subject referred to by Senator Gardiner, I have to express my personal regret if any injustice has been done to the officers concerned. I took a personal interest in Captain Hayne's case, and I shall see that any honours to which he is entitled are given to him. As to Captain Conway's case, this is the first time it has been brought under my notice; and, assuming that what we have heard is correct, I shall look into the matter personally.

Question resolved in the affirmative.

Senate adjourned at 8.10 a.m. (Friday).

## House of Representatives.

Thursday, 9 October, 1919.

**Mr. SPEAKER** (Hon. W. Elliot Johnson) took the chair at 3 p.m., and read prayers.

### MATRIMONIAL CAUSES (EXPEDITIONARY FORCES) BILL.

Motion (by Mr. GROOM) agreed to—That leave be given to bring in a Bill for an Act to apply the Imperial Act known as the Matrimonial Causes (Dominion Troops) Act 1919 to the Commonwealth of Australia.

Bill presented, and read a first time.

### DECEASED SOLDIERS' ESTATES BILL (No. 2).

Motion (by Mr. WISE) agreed to—

That leave be given to bring in a Bill for an Act to amend the Deceased Soldiers' Estates Act 1918.

Bill presented, and read a first time.

### DATE OF GENERAL ELECTION.

**Mr. TUDOR.**—Is the Prime Minister yet in a position to inform the House and the country of the probable date of the forthcoming general election?

**Mr. HUGHES.**—I thought I gave that information to the press last night when I said that, so far as I could see, the probable date would not be earlier than 13th December next. The general election will probably take place on that date.

**SALE OF AUSTRALIAN WOOL.**

Mr. PAGE.—Is the Prime Minister correctly reported in the *Argus* this morning as having stated, in the course of a speech made by him at Bendigo yesterday, that it is intended to place the wool of Australia against other commodities? If so, have the wool-growers been consulted in the matter?

Mr. HUGHES.—That is not a correct report of what I said.

**SHIPPING TRADE: BRISBANE-SYDNEY-MELBOURNE.**

Mr. BAYLEY.—Will the Minister in charge of shipping inquire into the trading between Brisbane and Sydney and Brisbane and Melbourne, and ascertain whether there is any justification for the complaint made by Brisbane-Melbourne shippers that preference has been given, over and over again, to Brisbane-Sydney shippers as against Brisbane-Melbourne shippers.

Mr. POYNTON.—I will make inquiries, and supply the honorable member with the information.

**TREATY OF PEACE (GERMANY) BILL.**

Motion (by Mr. HUGHES) agreed to—

That leave be given to bring in a Bill for an Act to carry into effect the treaty of peace with Germany.

Bill presented, and read a first time.

**AVIATION FLIGHT FROM ENGLAND TO AUSTRALIA.**

Mr. FINLAYSON.—About a fortnight ago the Prime Minister promised to make a statement as to the conditions and arrangements made with regard to the proposed aviation flight from England to Australia. Is the right honorable gentleman yet in a position to make a definite statement on the subject?

Mr. HUGHES.—Speaking from memory, before I left London arrangements were made whereby the Australian Government, in collaboration with the Aero Club, which has charge of aviation in England, were to prescribe the conditions as to the flight and the type of machine that could compete. The conditions were made public at the time. I interviewed intending fliers, and, as far as I know, no objection was taken to the arrangements. The flight was, I think,

postponed because there were no landing places at that time beyond India. I understand that since then landing places have been prepared, or are said to have been prepared, in Timor and Singapore, and that one Captain Matthews is starting on a Martynside. If there is any special point on which honorable members desire information that I can supply, I shall be glad to give it if they will put a question to me on the subject to-morrow.

**SUGAR INDUSTRY COMMISSION BILL.**

Motion (by Mr. GREENE) agreed to—

That leave be given to bring in a Bill for an Act to facilitate the proceedings of the Royal Commission appointed to hold an inquiry into the sugar industry in Australia.

**CONSTITUTION ALTERATIONS CONVENTION.**

Mr. HIGGS.—In reference to the provision in the Constitution Alteration Bills for the appointment of a Convention to make recommendations in regard to the Constitution, I would like to know from the Prime Minister whether the Convention will be appointed by the Commonwealth Government or by a vote of the people, and how many persons it will comprise?

Mr. HUGHES.—The questions raised by the honorable member were not discussed at the Premiers' Conference. It will be competent for this House to discuss and decide upon them.

**COMMONWEALTH STEAMERS. BALANCE SHEET.**

Mr. BRUCE SMITH.—For the last eighteen months I have been asking for the appointment of a professional and disinterested accountant to prepare a balance-sheet of the shipping assets and activities of the Commonwealth; and I was informed that such an appointment would be definitely outlined on the occasion of the last Budget, but, apparently, nothing has been done in the matter. Can the Prime Minister tell me when we may expect such a balance-sheet for which I have been asking?

Mr. HUGHES.—I have no objection to the appointment of a competent accountant to go into the whole of the accounts of the Commonwealth steamers,

and ascertain if they are a correct representation of them. I will see that that is done.

### BONUS FOR THE DISCOVERY OF OIL.

Mr. FENTON.—Can the Prime Minister supply any further information with respect to the bonus of £10,000 which is to be offered for the discovery of oil wells in Australia?

Mr. HUGHES.—The bonus speaks for itself. Find the oil and get the £10,000.

### RANDWICK HOSPITAL.

#### RATION ALLOWANCE.

Mr. RILEY.—About a fortnight ago I asked the Prime Minister whether he would look into the question of giving a ration allowance to out-door patients at the Randwick Hospital. Has he given consideration to the question?

Mr. HUGHES.—I presume that the matter was passed on to the Defence Department for report. However, I shall look into it again.

### RANDWICK WIRELESS WORKS.

#### ADMIRAL VISCOUNT JELICOE'S REPORT.

Mr. HUGHES.—Yesterday, the honorable member for Bass (Mr. Jensen) asked for Admiral Viscount Jellicoe's report on the Randwick Wireless Works. The following is an extract from the Admiral's report—

25. Royal Australian Navy Wireless and Electrical Works, Randwick, New South Wales. The Commonwealth have in these works a nucleus for their war preparations.

This plant should be entrusted with the preparation of jigs, patterns, and gauges necessary for the manufacture of war material, so that, on the outbreak of hostilities, these can be issued to firms, who would thereby be enabled to commence production in a very short time.

Further, manufacture of experimental apparatus of a confidential nature could be carried out here under proper control.

The advantage of having at Government disposal a small but versatile factory, staffed by the highest grade of skilled labour, would be well worth the expenditure of the comparatively small sum which would be saved if the work were put out to private contract.

26. It is recommended that the works be known as "The Commonwealth Wireless and Electrical Works," and that they should be under the control of the Telegraph Communications Board. Through this Board they would be kept in touch with the latest wireless and electrical research work in Great Britain.

### AUSTRALIAN NURSES IN INDIA.

Mr. FINLAYSON.—A fortnight yesterday, the Assistant Minister for Defence informed me that arrangements were being made for the repatriation of Australian nurses located in India or Afghanistan. Do those arrangements still stand, or are there any later developments?

Mr. WISE.—I have not heard of any later developments.

### MACHINERY FOR WOOLLEN MILLS.

Mr. LISTER asked the Prime Minister, upon notice—

Whether the Prime Minister has been able to make any arrangement with manufacturing firms overseas for supplying the necessary machinery required for the erection of woollen mills, so that a greater proportion of woollen goods necessary for use in Australia may be manufactured here?

2. If there be no chance of securing such machinery in the near future, would it be possible for the Government to arrange with the patentees to manufacture such machinery as is covered by patent rights, in Australia, by Australian workmen?

Mr. HUGHES.—Every effort will be made to induce manufacturers in the Commonwealth to arrange with patentees for making such machinery.

### WEALTH CENSUS CARDS.

Mr. CHARLTON asked the Prime Minister, upon notice—

1. Whether it is a fact that the wealth census returns have been destroyed?

2. If so, in view of the great expense entailed in obtaining the same, does he not consider they should have been preserved as a record for reference when required?

Mr. HUGHES.—The answers to the honorable member's questions are as follow:—

1. Yes.

2. As the information contained in the wealth census cards has been condensed and made available in permanent form, in the Wealth Census Report which has been published, there was no necessity to retain the immense quantity of individual cards which were received.

In connexion with all census returns, the cards are destroyed after the information has been extracted, as they occupy an immense amount of space, and the cost of storage would be prohibitive.

## MILITARY POLICE.

ATTENDANCE AT MUNICIPAL POLLING  
BOOTH.

Mr. BRENNAN asked the Assistant Minister for Defence, *upon notice*—

1. Does the Minister know who was responsible for the presence of military police at the Loch ward polling booth, used at the recent municipal elections at Collingwood?

2. If so, will he inform the House; and, if not, will he make inquiries?

Mr. WISE.—I have received the following report from the Military Commandant, Melbourne, in regard to this matter:—

Military Police (two non-commissioned officers and one private) were sent out by the Assistant Provost Marshal, in response to a telephone message received from the Loch ward polling booth to the effect that men in uniform were there under the influence of drink and creating a disturbance, and it was thought they were illegally wearing uniform. On arrival, the Military Police found everything in order, and returned immediately. Prior to their return, a further telephone message was received to the effect that the disturbing element had gone from the booth.

## DUNTROON MILITARY COLLEGE.

Lt.-Colonel ABBOTT asked the Assistant Minister for Defence, *upon notice*—

1. Whether he will make available to members a list showing (a) the number of men employed at Duntroon Military College; (b) the proportion of the same who are returned soldiers; (c) whether any of those employed, who have not seen war service, were eligible during the war period?

2. If men who are not returned soldiers have been employed, what is the justification for that course, particularly in the case of eligible men who did not volunteer?

Mr. WISE.—Inquiries will be made, and the honorable member will be informed as soon as possible.

## AUSTRALIAN IMPERIAL FORCE.

## PAYMENT OF WAR GRATUITY.

Mr. BURCHELL asked the Prime Minister, *upon notice*—

Whether, in view of the Budget speech having been delivered by the Acting Treasurer, he is in a position to announce what war gratuity is to be paid members of the Australian Imperial Force?

Mr. HUGHES.—The executive of the Returned Soldiers' Association is discussing all their grievances with me, and I hope to make a statement in regard to them very soon.

## INCOME TAX BILL 1919.

Consideration resumed from 8th October (*vide* page 13113), on motion by Mr. JOWETT—

That the following new clause be inserted:—  
“7A. Notwithstanding anything contained in any other Act, a taxpayer shall be entitled to a deduction from his income of the sum of Fifty pounds in respect of each child under the age of eighteen years.”

Mr. WEST (East Sydney) [3.20].—The question of who ought to pay taxation has never troubled the mind of this Parliament. The honorable member for Dampier (Mr. Gregory) seems to hold the erroneous idea that only those who have wealth pay the taxation. If there is any science in taxation we in this Parliament have never applied it. We have not applied even ordinary common sense to the subject. The object of the present amendment is to provide that those who are responsible for the rearing of families shall not be required to pay the same taxation as is paid by those who have no families. No new principle is involved. The system of affording some measure of relief from taxation to parents of families is in operation in New South Wales and in other countries. In America very little direct taxation is paid on incomes up to £500, but every person in the community pays a large proportion of the indirect taxation. Customs and Excise duties particularly bear heavily upon men with families. A man who derives his income from property does not pay taxation at all—he passes it on to the tenant. The consequence is that a man with five or six children who requires more housing accommodation than does a single man, and who therefore pays a higher rental, has to bear a bigger share of taxation on property than has the single person or married person without children. In America incomes beyond £500 are heavily taxed and on incomes above £1,000 the taxation increases on a very steep incline. Every thinking person who is concerned about the well-being of the community admits that those who are responsible for the upbringing of families have a hard row to hoe. I speak from personal knowledge. When I was a working man I experienced the difficulty of rearing children on an ordinary wage, and I know the even greater strain that was imposed on my better half in her endeavour to place her children a little

higher on the ladder of life than the rung upon which their parents stood. Therefore this amendment appeals to my sympathy. The struggle of the working man with a family is greater to-day than it was twenty years ago. Are we still to do what we did a quarter of a century ago? We ought to be establishing new precedents. We are told that the war has brought about a new world, and that social and economic changes must follow. Yet the Acting Treasurer (Mr. Poynett) repeated the old objection which I have often heard in the Parliament of New South Wales: "How are we to raise the revenue that would be lost if this change is made?" The same objection was raised to the old-age pension scheme and to the maternity allowance.

We must continue trying to improve the conditions of those who are the parents of the future citizens of Australia. In this country infant life is conserved as well as in any other country in the world, and our sons have proved in the recent war that children reared under proper conditions are the foundation of national greatness. A nation consists not merely of its wealth, but of the vigour of its people; and we, as a Parliament, ought to see that the young life of the country is reared under the best of conditions, even at the expense of a few hundred thousand pounds. A nation with a healthy birth rate is bound to be great; and I hope that the appeal now being made to the Acting Treasurer (Mr. Poynett) will not be disregarded. A debate of this character ought to bring out the best of the intellect in the House; and I feel sure that many honorable members, at any rate, on my side of the House, will be found voting for the amendment, which represents a principle that ought to be recognised by every representative in a National Parliament. Of course, the Acting Treasurer asks where the money is to come from; but that is such an old story that, in my case, it falls on deaf ears. I firmly believe that, with the help of Providence, we shall get over all our financial troubles; and certainly we, as a country, will prosper more if those who are struggling with large families are living under conditions in accordance with Australian ideas. At the beginning of Federation we used to

talk in thousands, but to-day we talk in millions; and under all the circumstances I think we could spare the few extra pounds necessary to carry the amendment into effect. It is the man with money whom we have to squeeze; and on the Financial Statement I shall have something to say, if not here, at any rate, before the people during the elections.

In the case of people with families direct taxation should be cut down to its lowest. The exemption of £156 was made when we were at war, and we had no idea when hostilities would terminate, or what our responsibilities would eventually prove to be; in fact, at that time we were in a cloud, but now we have to start the "new world," of which the Prime Minister (Mr. Hughes) has told us so much with so many emphatic gesticulations. If we are to start a new world, let us start it by making it easier for those who have families to rear. Of course, an income of £500 is a small thing in the eyes of many honorable members opposite, whose constituents talk in thousands, and subscribe thousands to war loans; but we, on this side, represent people earning, perhaps, £3 per week. Personally, I cannot realize how working people with a family can exist on such a wage, although I have been through the ordeal of raising a family on wages. To-day, rents are so high, and prices for boots and so forth so high, that it is wonderful how people manage to get along. It has been said that the wife of a working man would make the greatest Chancellor of the Exchequer, and I believe that to be true. If we had a few women in Parliament we should certainly get some very illuminating information on the economic position of the working classes, and that information, and the arguments which it would supply, would make the necessity for such an amendment as that before us quite evident. The amount of revenue the Government are asked to forego is not very great in view of the aggregate wealth of the country, and the future prosperity painted in such glowing colours by the Acting Treasurer yesterday. Many of us hope that that picture will be realized, and that the Government will make a better allowance to the parents of families.

We certainly ought not to allow the tax as now proposed by the Government

to go through without a determined struggle to alter it. I appeal to honorable members opposite to be firm in their support of the amendment, and to take no notice of fancy pictures about the elections. I urge them to look at the question from the humane stand-point as one well worthy of the consideration of the best brains on their side. I would not be fulfilling my obligations as a representative of the people if I did not point out the justice of the proposal of the honorable member for Grampians (Mr. Jowett). I know that I am voicing the feelings of those people in Sydney among whom I have lived for over forty years. I am not endeavouring to raise myself in the estimation of anybody. I am simply advocating the amendment from a sense of my plain duty, and a knowledge of the necessities of the people who returned me to this Parliament. I feel sure that this is a concession that we ought to give to all those who are rearing young Australians. I cannot understand how any one can really oppose it. It has been said during this debate that the working classes do not pay the taxation of Australia. That is a libel on the people, because it is an undisputed fact that the taxes which this Parliament imposes are passed on to the working classes. We have not paid sufficient attention to the question to obviate that.

As a rule, in both State and Federal Parliaments, the Estimates presented are prepared in one stereotyped way. The various Departments are called upon at certain periods by the Minister to state their requirements for the following year. These are sent in to the Minister, who forwards them on to the Treasurer, and the Treasurer sends them back with a notification that he cannot allow certain amounts. The Estimates are then amended by the Departments, but no scientific principle is followed. The responsible officer simply puts his pen through certain sums, so as to bring the total down to the amount which the Treasurer will allow. That is the way the whole thing has been done ever since we have had responsible government in Australia. There ought to be a proper method of ascertaining the true necessities of the country in the way of expenditure, and of expressing them in the Estimates. If that were done, I am sure

this small deduction would be readily granted. I do not wish it to be thought that I am advocating this amendment with a view to the working classes avoiding the payment of taxation. The honorable member for Dampier (Mr. Gregory) claims that they do not pay the taxation of this country. I am here to say that they do pay it, to the extent of their full share. I base my appeal for the carrying of this amendment on my knowledge that the working classes pay taxation, and the absolute necessity of relieving those who have the largest families of, at least, some portion of the burden. We could not do nobler work than this. Every clergyman, and every member of the various benevolent and humanitarian societies in Australia, will bear out my assertion that the greatest struggle for a decent existence is in those cases where there are large families. We should encourage the rearing of families in this country. We have no right to allow the people to entertain any dread of having large families. We should not inculcate in them the belief that, if they take upon themselves the responsibilities of married life and the rearing of children, they are likely to be penalized by the imposition of more onerous taxation than that imposed on those who have no family. Nothing is impossible in this world.

During my life I have heard people laugh at many things that I have proposed, but I have lived to see them realized. I believe that we shall realize this reform before long. At least, we have the power now to lessen the burden of direct taxation on these people. Unfortunately, we cannot lessen the burden of indirect taxation until a better method is evolved, or until better men are put in charge of the Government than we have had in the past. There is no mystery about finance, although the impression that there is has for years been carefully fostered. Finance is one of the simplest things possible, if a man gives his mind to it. It is as simple as the running of an ordinary lolly shop. The public have been deluded by men who have dealt with finance into the belief that there is some mystery about it, in order that they should not demand, and obtain, the share of this world's wealth to which they were entitled. That is the trouble. The greatest difficulty

arises when the Treasurer is compelled to increase taxation. The heaven-born Treasurer is the one who can tell the public that he is going to take off a certain amount of taxation or reduce certain duties. I remember when Mr. Gladstone, at the time I was a young man, proposed to take 6d. off the duty on tea and something off the duty on sugar. When John Bright and the men with whom he was associated came into power, they were the worst Government that ever England had.

The CHAIRMAN (Hon. J. M. Chanter).—Order! The honorable member has reached his time limit.

Mr. LYNCH (Werriwa) [3.50].—Although I am as anxious as is any honorable member to reduce taxation, and would like to abolish one-half of the heavy and burdensome imposts to which our people are subjected, I am not insensible of the responsibility resting upon me in connexion with the amendment which has been moved by the honorable member for Grampians (Mr. Jowett). I am rather inclined to challenge the honorable member's sincerity in submitting such a proposition on the eve of a general election. I cannot forget that the United Labour party, when governing, came to the conclusion that since tremendous debts must be incurred in connexion with the war, we, as working men and the representatives of the workers, should give some proof of our patriotism and the faith that was in us, and that we must ask the working classes to bear some portion of the burden in order to stifle the criticism of others upon whom it would fall with much greater severity. At that time we decided that an exemption of £13 should be allowed in respect of every child. I voted for that exemption, and later on I voted to increase the exemption to £26 per child. I recognise that, having regard to the high cost of living, such an exemption is comparatively small; but I have little sympathy with the picture drawn by the honorable member for Grampians last night, when he urged that this larger exemption was necessary in order that families might be reared to be the future defenders of this country. As a practical man—as one who has climbed from the bottom rung of the ladder—I recognise that only a small section of the people would be affected by any exemption of this kind that we

might choose to make. The great body of the people who are endeavouring to rear families are worried, not by any question as to how they should pay income tax, but rather as to how they are going to obtain food and clothing for their children. These are the people upon whom the future welfare of Australia rests. What is the attitude of the honorable member for Grampians and others on this side who support this amendment when an effort is made to cheapen bread and meat for the children and reduce the cost of living to this class of people? They howl like stricken dingoes at the very thought of any reduction being made in the cost of their bread and meat. As a wheat-grower, I say unhesitatingly that there is no justification for the present price of bread. The few score thousand families who would be affected by the raising of the exemption as proposed by this amendment would be benefited to an infinitely greater degree if attention were paid by those who support it to an effort to reduce the cost of living.

The honorable member for Grampians said that it was necessary to increase the exemption in order to encourage the rearing of large families, who would prove the future defenders of Australia. What has this pettifogging proposition to do with that great question? The real evil of the present day lies in land monopoly. What help would the honorable member for Grampians and those associated with him give to an attempt to bring about a system under which every willing man and woman would be able to become employers, and make an independent living on the good lands of the country? None whatever. But, on the eve of a general election they would cut a cudgel for our political skulls in the shape of a proposal of this kind. We have this year to meet a war expenditure of £40,000,000. There are other directions in which heavy expenditure must also be undertaken, and there is a desire on the part of many to retrench thousands of public servants who are only on the bread and butter line. I cannot support such a policy. Having regard to all these facts, and to the necessarily high rate of expenditure which must rule for some time, are we to support this amendment and to forget our responsibilities? The Government is endeavouring to do much that is worthy of

commendation. Where, for instance, could we find a more deserving avenue for the employment of some little generosity than we have in increasing the old-age pension? The Government propose an increase of 2s. 6d., and that will mean an additional expenditure of £420,000 for the first half of the financial year.

We are told by the Acting Treasurer (Mr. Poynton) that the raising of the exemption as proposed by the honorable member for Grampians might involve a loss of revenue amounting to anything up to £750,000. The honorable member will not qualify his amendment in any way. He will not say that the increased exemption shall be granted only to taxpayers whose income amounts to less than £450 per annum, and that the revenue so lost shall be made good by increasing the rate of tax on all incomes exceeding £5,000. He is not prepared to make any suggestion that would assist the Government in overcoming their financial difficulties. He poses as a supporter of the right of the people to a reasonable subsistence, but up to date he has never supported any effort to reduce the cost of living. I look forward to the time when principles of land settlement, which are really the key-stone of the whole question, but the mere mention of which would almost paralyze the honorable member, will be within the realms of practical politics. This political window dressing on the eve of an election will fool only a few of the people. The great bulk of them realize the efforts that are being made by the Government to honestly meet their obligations, and at the same time to cause the least possible disturbance to the community. The honorable member for Grampians openly advocates systems under which the consumers would be wholly unprovided for, while the people on the land would be given much unnecessary, and, for them, dangerous, help. I am more entitled to describe myself as a farmer than is the honorable member. For thirty years I have made a living by farming. Not one speculative shilling has gone into my pocket; I have made a living simply by producing wheat, wool, and meat, and selling these commodities at their market value. Systems which are said by the honorable member to be essential to the success of the farmers are disastrous to the best interests of the consumer and to those of the country. The Government, I presume,

are to pledge the resources of the Commonwealth; they are to provide for our primary producers cheaper shipping than can be obtained in any part of the world; they are to make advances to the farmers, and to hold their produce until famine prices obtain, and whatever the foreign parity may be, the great mass of the people here, who are to fight for this country, according to the honorable member's doctrine must pay that parity. The majority of farmers do not support such an unjust idea. I have in my time followed many humble callings. I have made a living by breaking stones on the roadside. Some of the wits will tell us that that employment was almost exclusively followed by some of the founders of our first families. I have made my living in that way, and would go back to it to-morrow rather than swallow these monstrous principles, and help to oppress the people of my native country.

The producers of Australia have grievances and troubles, but they are not voiced by the host of commission mongers who fasten upon them like lice. No man who has the welfare of this country at heart will listen to a proposal of this kind made on the eve of an election. If my attitude on this question can be used to bring about my political downfall, then I will go out of this Parliament as I came into it—an honest man. I realize that sooner or later the principles in which I believe, and which I am prepared to show are capable of practical application, will have to be applied to destroy the festering monster of land monopoly which deprives the men and women of this country, who are willing to go forth and become employers, of the opportunity to earn their share of the wealth of the country, and to help to build it up. I regret that political dodgery of this sort fools a few of the people, and that men who were quite willing to admit that Labour should pay its just due, and bear its proper proportion of the obligations imposed upon us by the war, are now prepared to depart from these principles because the war is over and an election near. Every thinking man knows that, although the war is over, we have still the aftermath, and that our obligations can be met only by constant sacrifice on the part of the people. The aftermath of the war is still with us, and will be with us, I fear, for another generation. We have before us a

task which it is idle to try to shirk. The Government cannot allow propositions of this kind to be carried if they are to retain their backbone. They have to meet their obligations, and, notwithstanding the charges of squandering money in a wholesale way which are levelled against them, they cannot, and dare not, begin to enter upon wholesale systems of retrenchment without bringing into bold relief infinitely more destitution and poverty than our country has ever before suffered. We have to bring about a state of things by which the cost of living will be reduced. This proposal comes from men who support principles that are ten times more monstrous in their effect on the welfare of the people than is the exemption against which they protest.

I shall not vote for the amendment, because I question the sincerity of it. If we can secure our return to Parliament only by buying our way into it by means of wholesale proposals for reducing taxation on the eve of an election, then the sooner this Parliament goes out of existence the better. If we are to yield to such clamour there can be no chance for honest, responsible government. I believe the people will realize that this Government have acted in their interests. They will realize that the Government are not prepared to remain supinely idle, drawing their "screw," for some months longer when the Parliament has not the power to remove the grievances under which the people labour to-day. They will recognise that we, as a party, have sufficient courage, and have leaders with sufficient ability and honesty of purpose, to take the right path, and I have very little doubt as to what will be the result of the forthcoming appeal to the electors.

**Mr. YATES** (Adelaide) [4.3].—I shall support the amendment, not because, as the honorable member for Werriwa (Mr. Lynch) suggests, it is a piece of political window dressing, but because I approve of the principle involved. So far as I am concerned, political window dressing is unnecessary. The remarks made by the honorable member in regard to the mover of this amendment (Mr. Jowett) were well applied. He has moved it, I believe, merely as a bit of political window dressing on the eve of a general election. When he was speaking last night I interjected that he was submitting this amendment merely as a military measure, and he certainly is doing so, because he asks

for this larger exemption in order to encourage the breeding of soldiers. The honorable member said that ten, twenty, or twenty-five years hence the menace would be here, and we must be prepared to face it. Without wishing to do him an injustice, I must say that it would appear that he is pleading for an exemption from income tax in order to save his sheep and wool. The honorable member for Denison (Mr. Laird Smith) last night attacked this party, of which he was formerly a member, for supporting the amendment. As a matter of fact, a member of our party had given notice of a like amendment before the honorable member for Grampians took action. We believe in the principle embodied in it, and for that reason we support it. I should like the general exemption to be increased, since an exemption of £156 does not give a man on low wages the relief that Parliament intended in originally providing for it. Since then the cost of living has enormously increased. In the early sessions of this Parliament the Prime Minister (Mr. Hughes) said that £156 was the irreducible minimum—a man could not live on less than that—but if he earns anything above that amount he must pay income tax. It is beyond dispute that 10s. per week will not keep a child which is dependent upon its parents. If the exemption is based on the cost incurred by a married man as against a single man, we should be honest in our endeavour to make the adjustment equitable, and should make the exemption as nearly as possible commensurate with the cost of living. In fact, I very much doubt whether, with the present price of commodities, £1 per week would meet the cost of keeping a growing and thriving child. Honorable members will see that this is not a question of political window-dressing prior to an election. Here is an instance of how the Government, to use a colloquialism, "puts the boot in." A single young spinster in the Hindmarsh district who was earning £1 2s. 6d. per week was called upon by the Taxation Department to pay the minimum income tax of £1 on the ground that her board and lodging brought her earnings above the £100 exemption. She was called upon to pay a fine of £2 in addition to the payment of the £1 tax, and it was only through the agency of Mr. John Carr, M.L.A., who

accompanied her to the Taxation Department, that she was allowed to escape the payment of the fine. I dare say that there are many instances in which spinsters and single men are receiving just over the £100 exemption. In matters of taxation, it is the worker who pays the heaviest share.

It is said that we want to breed in Australia a virile, strong nation. Having been in France, where Australians have proved their virility, I maintain that this is a strong, virile nation; but all the credit is due to the advanced Democracy of Australia, as represented by the trade unions and Labour party, that advanced element of the community which has always demanded that the people of this continent should live in some degree of comfort and be able to enjoy a little of the pleasures of life. I have heard the Acting Treasurer (Mr. Poynton) say that he had to shear sheep at 10s. per 100 and seek work in road-making when no shearing work was available.

Mr. POYNTON.—That is quite correct.

Mr. YATES.—The Australian Workers Union and the progressive Labourites of this country have little by little evolved a better state of affairs which has found its reflex in the deeds of our soldiers during the world's great crisis. The honorable member for Grampians (Mr. Jowett) justifies the exemption he proposes on the ground that we need to breed a virile community owing to the menace that may face us in the future. I and others support the exemption on the ground that we ought to give those who toil and work for the wealth revealed in the Budget speech the opportunity to enjoy life, and not in order to play up to the ears of the electors, as has been insinuated by one honorable member, who, I hope, will not again occupy a seat in this Parliament. When that honorable member delivers his perfervid utterances he ought not to rely on the valour of relatives. I also had a nephew in France. His bones are now bleaching on Passchendaele Ridge; but I do not parade his valour as something which is to my credit, nor do I live in the reflected glory of his deeds. It would have been far better if the honorable member had worn one of the badges which I wear instead of referring to a youthful nephew as a justifi-

cation for abuse. His speech was not based upon the merits of the proposal of the honorable member for Grampians; it was simply an endeavour to insert something in *Hansard* that he could quote at the coming election. I hope that he will be just as perfervid in his advocacy of the extension of the land tax and the proposal to wipe out the £5,000 exemption.

Mr. LAIRD SMITH.—Is the honorable member in favour of wiping out that exemption?

Mr. YATES.—No. In justice to the small land-owners, it would not be fair to do so. Of course, if the land tax should apply in one instance it should apply all round; but the point is whether in the circumstances an all-round application would not do more harm than good. In my opinion, the time is not ripe for the establishment of an all-round land tax to meet the circumstances which the income tax is aimed at meeting. The honorable member for Grampians hopes that his proposal will be the means of helping to increase the population. I sincerely hope that it will. The exemption will not apply to many of the supporters of the Labour party, but it will apply to what are termed the middle classes, and give them some chance of rearing families. As is well known, the larger families are borne by the poorer classes of the community, and it is unnecessary to give them an exemption that does not touch them in order to induce them to bear large families. However, I hope that what is in the mind of the honorable member for Grampians will materialize in regard to the middle classes. It is up to them to bear a share of the responsibility of maintaining the safety of the Empire instead of leaving it all to the workers. I do not support the amendment to tickle the ears of the electors whom I may have to face at the coming election, but because I believe that it is right the exemption should be made in order to place the man who has a family on equal terms with the man who has none. My effort is always in the direction of making the world a better place to live in.

Mr. LAIRD SMITH.—You would not allow me to live if you could help it.

Mr. YATES.—Politically, I would strangle the honorable member to-morrow. I would not have him on my doorstep. As a man, he may be all right. I

have no reason to believe otherwise. As a son and husband, I believe that he has been everything that a man should be; but, politically, he has been a Judas Iscariot.

The CHAIRMAN (Hon. J. M. Chanter).—Order! I ask the honorable member to withdraw that statement.

Mr. YATES.—I withdraw it. The honorable member knows that the only success he has, or can hope to have, is when he can stand up here and ridicule this party, saying, with a hypocritical laugh, "What did these gentlemen do? Why did they not do this when they were on this side of the House?" Did not the honorable member subscribe to the tenets of the party so long as it suited him?

Mr. LAIRD SMITH.—Yes, and I did my bit, too.

Mr. YATES.—The honorable member would subscribe to them to-day but for the circumstances in which he moves; he knows full well that he would do so; but I sincerely hope the day will never come when we shall harbor in our movement any person who is not prepared to obey the will of the party which has for its object and as its policy the regeneration of mankind.

Mr. LAIRD SMITH.—Did not the honorable member go to Adelaide as a conscriptionist, and then back down?

The CHAIRMAN.—I ask the honorable member for Denison to cease interjecting, and the honorable member for Adelaide to confine his remarks to the question before the Chair.

Mr. YATES.—I am sorry that I cannot reply to the honorable member's interjection; but, at any time, I am prepared to lay down my cards, either in regard to my reasons for supporting the extension of the exemption or in regard to the question of enforcing conscription on the general community. I had my own ideas on the matter, and I obeyed them.

When we fall in behind the honorable member for Grampians (Mr. Jowett) today, we do not do so for political purposes. The honorable member for Hunter (Mr. Charlton), in discussing the Bill, suggested that the exemption should be made larger. He was quite right, especially in view of the statement in this morning's press, ascribed to Mr. Holman, Premier of New South Wales, namely, that the Board of Trade have now fixed the mini-

mum wage at £3 17s. 6d. per week. If we do not allow the fathers of our future soldiers to enjoy their full wages, but take a share of them in the form of income tax, we are depriving them of income with which they could provide for the ordinary necessities of life. These are the men who are called upon to make sacrifices in the time of war. At some future time, this side may have the opportunity of demonstrating where the sacrifice was made during the recent war by the capitalists of Australia. If we believe in dealing out any sort of justice, man to man, we shall take off the load that is now borne by the shearer who shears the sheep, or the rouseabout who keeps the run going, year in and year out.

Mr. RICHARD FOSTER.—That is a remarkable statement!

Mr. YATES.—I may be a bit wide of the mark as to how runs are maintained. I was hopeful that the honorable member for Grampians would be present while I was speaking, so that if my statements were wrong, I could be corrected by a real "dinkum" up-to-date squatter, and not merely by a professed one. I do not think that the honorable member for Hume (Mr. Falkiner) will claim that his station manager is the man who operates his station year in and year out. He will admit that the work of the station is carried on by the men whom he employs.

We shall be doing only bare justice if we carry this amendment, and if we make good any loss of revenue by placing further taxation on the shoulders of those who are best able to bear it. I repudiate the suggestion that I am supporting this proposal because it will suit my constituents and advantage my party. The Labour party has a platform with which it hopes some day to govern this country, and honorable members have never heard me say other than that I am prepared to put that platform in its entirety into operation. If the Labour party is returned to power again, I hope we shall not listen to the promptings of expediency, but will proceed directly to give effect to our platform. By it I stand, and anything I can do to make it effective shall be done.

Mr. FALKINER (Hume) [4.23].—The honorable member for Adelaide (Mr. Yates) professes an excessive virtue in

regard to electioneering dodges. Nearly every election at which the Labour party has been triumphant has been won by means of a cute class-cry raised by the gentleman who is now Prime Minister (Mr. Hughes). On one occasion, it was the old-age pension, and on another occasion it was the baby bonus. Other election cries that have been used with advantage by the Labour party are the Federal land tax and the Commonwealth Bank, which the electors were told would give long-dated loans to farmers at a low rate of interest, instead of which, according to the Acting Treasurer (Mr. Poynton), it has locked away £60,000,000 from the general trading community. These narrow class diatribes against the rich are quite irrelevant. Not being a candidate for re-election, I have no need to be a party to any electioneering dodges. The question before the Committee is whether or not motherhood should be recognised. I have always advocated that it should. We have heard a good many suggestions about taxing this fellow and the other fellow, but a little economy would recoup the Treasury for any loss of revenue this amendment might entail. In the income tax of last year this House decided to give certain exemptions to mining enterprises, and I am sure that if that concession were withdrawn, the Department would recover any money that it might lose by giving increased consideration to the parents of families. All the other trading and producing interests in the community pay taxation on their incomes regardless of whether or not they expend a portion of their income in extending their business operations, but for some reason that I have never been able to understand money spent on mining developmental work is exempted from the payment of income tax.

Mr. MATHEWS.—The least useful product of all is gold.

Mr. FALKINER.—There is more dishonesty in mining than in any other branch of production. The man with a large family pays through the nose by reason of the cost of providing for his children, and the woman, too, pays, because, as the honorable member for Melbourne (Dr. Maloney) stated, she enters the jaws of death every time a child is born. Some recognition ought to be given her for such sacrifices.

A simple solution of the profiteering problem is not by a referendum on constitutional alterations, or a discussion of what are and what are not monopolies—the profiteer will live on the fat of the land and die before a remedy will come from that source—but by an alteration of the incidence of taxation. The present income tax does more credit to brute strength than to judgment. A man with £300,000 invested in the land, and earning 5 per cent., is taxable on an annual income of £15,000. Another man has £30,000 invested in a business which handles some necessary commodity, such as food or wearing apparel. He turns over his capital several times during the year, earning a profit of 50 per cent., and he is taxed on the same income of £15,000. After both have paid 10s. in the £1 in Federal and State taxation, the first man is left with a net return of 2½ per cent. on his capital, and with that income he is expected to live and extend his business. He cannot do it. This system of taxation is one of the things that is killing primary production. The dealer in necessary commodities is making 50 per cent. gross, and, even after he has paid his taxation, still has a net return of 25 per cent. on the capital he has employed. The present income tax bears no relation whatever to the rate of interest earned on capital. The man earning 5 per cent. and the man earning 50 per cent. both pay the same amount of taxation. When the Labour party introduced the celebrated curve of the third degree into income-tax assessments, they thought that it indicated wisdom on their part. I was hopeful that this year the Government would have abandoned that silly method of estimating taxation, and would have substituted a simple calculation.

Mr. RILEY.—What does the honorable member suggest?

Mr. FALKINER.—I would alter the incidence of the income tax so that it would bear some relation to the rate of interest earned on capital, instead of taxing all incomes at the same rate, although one man's income might represent 5 per cent. on capital, and the other man's income 50 per cent.

If we pay a woman a bonus for bearing a child, it is only logical to help her to rear it. We should give the men and

women who are rearing families some advantage over the couples who on their marriage day decide that they will not be bothered with offspring. We have been told that the large families are found only amongst the poor; but it is indisputable that race suicide extends to all classes of the community. I am of opinion that parents of more than a certain number of children ought to pay no taxation at all. The advantage of a large family is that there is more prospect in numbers of getting particularly good specimens of the race. If parents have only a couple of children, both are likely to be bad. Shakespeare was his mother's seventh child; there will be very few Shakespeares in modern families. Much has been said about the virility of our race. I hope that the Australian, when he marries, will be virile enough to insist on having a family and working for it, because the position of France to-day is due, in a large measure, to her lack of men. At the time of the Franco-Prussian war the populations of France and Germany were about equal; but the German man worked, and the German woman bred, whilst the French woman restricted her family and engaged in pleasure. That development in French life is partly attributable to the Napoleonic law of splitting up estates until there was little left to divide. The butchery of men and the ravaging of women in France during the recent war were largely due to the fact that the French women had not produced any sons to defend them. The decrease in the birth rate could be further argued in its relation to the Tariff and our factory laws; but I shall not debate it further on this occasion. I hope the Australian women will be of the same mind as the Spartan mothers, who bore sons, and told them, when war happened, "Go and fight, and come home with your shield, or upon it."

**Mr. MATHEWS** (Melbourne Ports) [4.32].—Taunts have been hurled at honorable members on this side because the Government which we supported did not increase the income tax exemption. Little argument is required to prove that what was a fair exemption in 1916 is not fair in 1919. Owing to the increase in the cost of living, an exemption of £250 to-day would be only the equivalent of £156 in 1916. These changed conditions are

noticeable elsewhere than in Australia. Would any French railway worker have dreamed three years ago of demanding a wage of £1 per day? Yet we know that the railway servants in France are asking for that wage, because they say they cannot live on less. Those who taunt us with not having increased the exemption when we were in power know very well that there is more necessity for the exemption now than existed at that time.

In regard to the allegation of vote-catching, I ask honorable members whether, when they nominate for a seat, they seek to dissuade the people from voting for them? Do they not seek to place their party's platform in its best light before the electors whose suffrages they are soliciting? If I am of the same opinions as those I represent, and they desire me to advocate those opinions, I may be "vote catching," in one sense of the word, when I do so, but I am not guilty of any crime. It is the duty of every representative to advocate the views of those he represents, and not his own views; and when he comes to the conclusion that he can no longer advocate the views of his constituents, he ought to have the honesty to retire. I have, I think, sketched the position of the honorable member for Grampians (Mr. Jowett). He, a crass Tory, begins to recognise that Grampians is not a Tory seat, and he feels the ground slipping from under him; he is looking round for means by which he can be returned to represent that constituency again, and is now advocating the opinions of the electors there. I do not blame the honorable member, but I do not think "it will wash"—I do not believe that a Conservative like himself can come round to such a democratic view of things as he is now presenting. At the same time, he recognises that he represents a democratic community, instead of, as he thought, a Conservative community; and he is now trying to meet their wishes. Apparently, the honorable member is wondering whether he is a Nationalist or one of the Farmers' party; at any rate, I know that the Nationalist party are very much incensed against him for going over to the Farmers party on a mission of vote catching. It may be that it is "vote catching," but if the honorable member is of opinion that the farming community of the Grampians requires representation, and he desires to represent them, he is justified in becoming a

Farmers party man. I see no reason for those charges of "vote catching" simply because some of us desire to have this amendment adopted.

I am rather surprised at some of the admissions that have been made by honorable members opposite. For instance, the honorable member for Kooyong (Sir Robert Best) said that a man with £300 a year was hard put to it to rear his family properly; and, of course, I agree with him. A man with £300 a year, and a family of five or six, must find it extremely difficult to do justice, mentally and physically, to his children; and it is because of this difficulty that we have race suicide. I wish to heaven that some honorable members would visit my constituency, where the bulk of the people do not earn £125 a year, and, as a rule, have large families. No assistance for these people is to be got from honorable members opposite, who always assist the profiteers. I shall vote for the amendment because I desire to improve the conditions of life of all such men, women, and children as I have the honour to represent.

Mr. POYNTON.—Such people do not come under this Bill at all.

Mr. MATHEWS.—I know; I am merely expressing my surprise and pleasure at hearing honorable members opposite admit that £300 a year is not too much on which to rear a family; and I desire their assistance in improving the conditions of others who do not earn so much. The peculiarity is that the poorer the people the larger the families. In Melbourne Ports the community is largely composed of small wage-earners, and yet there we find the largest birth-rate in Australia. I am in hopes that this or some other Government will make provision, as in New South Wales, for assisting mothers with large families.

Times are changed when we have a man like the honorable member for Hume (Mr. Falkiner) expressing such views as we have heard from him on the present occasion; and I hope that the amendment will be carried for the assistance and encouragement of people with large families. It is admitted that £300 a year is the margin on which a man with a wife and family can live, and some other direction ought to be sought in which to gather revenue. The honorable member for Hume put a case which has been put hundreds of times. He spoke of a

man with £300,000, whose only return was 5 per cent., and of another man, who, on an investment of £30,000, earned £15,000, or 50 per cent. The community ought not to allow any man to make 50 per cent profit, but should see that, after his own managerial salary, depreciation, and other expenses are met, his maximum return is not more than, say, 10 per cent. It is in this way that profiteering should be attacked, because once these large profits are made impossible, there will, of course, be no desire to seek them. If, however, we take only 25 per cent. of the 50 per cent. profit, it will prove an incentive to making 60 per cent. the next year. The amendment ought to be carried in view of the high prices of all the necessities of life.

Mr. MAXWELL (Fawkner) [4.44].—I feel constrained to break the silence which I usually preserve, and which has been so adversely commented on by the honorable member for Capricornia (Mr. Higgs). I do so because I feel that such an amendment as has been proposed by the honorable member for Grampians (Mr. Jowett) is very apt to put those who oppose it in a false light in the opinion of the unthinking. Every one will admit the general principle on which taxation ought to be imposed—that is, the heaviest burdens ought to be imposed on the broadest shoulders. That is a principle which received universal acceptance; and it is a pity, when a subject like this comes up for discussion, that there is constant recrimination between the two sides, and the imputation of motives most unworthy, by one side against the other. I, for one, regret that in the discussion of this amendment the fact of the approaching election has been introduced. What on earth has the fact that we are about to have a general election to do with the merits of a case of this kind? An amendment has been proposed that certain burdens at present borne by a section of the community should be lightened or removed. That proposal is either a fair one or it is not, and the approaching election does not affect its fairness one way or the other. I hope the day will not come, if I continue to be a member of this House, when the fact that an election is approaching will affect the view I take of any question that is under consideration. It is always easiest to take the line of least resistance. If every member of this House were to follow his

inclination he would vote for the amendment without a moment's hesitation, for we would all like to lighten the burdens of those already heavy laden. But the simple question, so far as I am concerned, is whether the proposal is fair and reasonable in the circumstances and in view of the staggering burden that we, as a Commonwealth, have to bear at the present time.

I suppose I represent as democratic a constituency as does any man in the House. Some people believe it is a Labour constituency, and ought to belong to the Labour party. Perhaps it ought; but I was invited to contest the constituency, and accepted the invitation. The majority of the electors indorsed my candidature, and I have endeavoured, to the best of my ability, to give effect to the views I enunciated on the platform. On the question of taxation, before my constituents I expressed the view that at a time like this, when the burden to be borne by the Commonwealth is so grievous, it was the duty of every man to accept his share of the responsibility, no matter how small that share might be. When I was asked my view of the income tax exemption, I said I would be no party to wiping it out, but I would make the lowest rate very small, and in that way every man in the community would feel that he had some part in the liability, and was doing his share in carrying the burden.

Last year, when out recruiting, my mission was to enlist the sympathy of the whole of the community, and get every man, woman, and child to admit the liability to serve the country in the circumstances. Some felt their responsibility, and were in a position to answer the call by risking their lives in the trenches; others were not in a position to do that. But the appeal was generally responded to, and the community felt that every individual should do his bit.

I told my constituents, in view of our present position, that I could not see my way to relieving some of them from taking their share of the burden, and I take up the same position now. I do not think so meanly of the section of the community involved in the amendment as to believe that there are any considerable numbers who seek relief in this way. I do not believe that any man with £300 a year, and with several children, would ask this House to relieve him altogether of any contribution, however small, to-

wards meeting the liabilities of this country. Just as we found men ready to risk their lives in the trenches, so I believe that every section of the community to-day is willing to do its "bit." We have proved our mettle on the field of battle, and now we are called on as a community to prove our mettle in the more prosaic sphere in which we move to-day. We are saddled with a most staggering burden, and the principle that should be recognised by us and by the community is that it ought to be equitably distributed.

Mr. WATKINS.—That is all we are asking for.

Mr. MAXWELL.—Then we are all agreed on that point. Let the burden be equitably distributed, but do not say, "We are going to exempt one section of the community from all liability." The tax is graduated. The Government have recognised the principle of the equitable distribution of the burden, and have thought out their scheme of taxation. They have come down to the House with it, and I am asked now by the mover of the amendment to deprive them of from £500,000 to £750,000 in revenue.

Mr. J. H. CATTS.—Men on less than £300 a year are paying their share already on the high prices prevailing.

Mr. MAXWELL.—We ought to do everything in our power to reduce the cost of living and to raise wages.

Mr. J. H. CATTS.—You know the Government have the power, and are not doing it.

Mr. MAXWELL.—I do not know anything of the kind.

Mr. J. H. CATTS.—Is not the War Precautions Act still in existence?

Mr. MAXWELL.—That does not affect my argument. I am not going to discuss the question of whether the Government have done everything in their power to reduce the cost of living. All I say is that we ought to do everything in our power to reduce it, and to raise wages. At the same time, when we find our country saddled with a huge burden of debt, we ought to recognise that it is the duty of every man and woman in the community to shoulder his or her share. I was profoundly disappointed by the attitude of the honorable member for Hunter (Mr. Charlton), who generally takes such a fair and chivalrous view of any question that comes up for discussion. I understood him to say that he was prepared

to exempt entirely from this burden of liability a man without wife or child, earning not more than £250 a year. Imagine such a proposition in the predicament in which the country finds itself to-day! In order to get through our difficulties, the utmost exertion on the part of every individual member of the community will be required. Yet the honorable member would not ask bachelors, earning £5 a week, to contribute a single penny towards the enormous burden under which we are staggering.

Mr. CHARLTON.—You permit the rich people to pass all the taxation on to those earning lower wages, because you support a Government that does so. You cannot get away from your responsibilities in that way, as you will find on the hustings.

Mr. MAXWELL.—That also is a remark unworthy of my honorable friend. I am taking what I believe is a reasonable view. I shall have to discuss the matter on the hustings. Does the honorable member suggest that, because I think it will be an unpopular view to put, I should change my opinion?

Mr. CHARLTON.—No.

Mr. MAXWELL.—I should hope not. If the honorable member does, I have no intention of doing so.

Mr. CHARLTON.—All I charge you with is doing nothing to bring down the cost of living, and supporting a Government which has the power and will not use it.

Mr. MAXWELL.—I have accorded the Government, as I undertook to do when elected, a discriminating support. I have seen reason to disagree with some of their actions, and to vote against them when my reason and conscience dictated that course. We have to meet our obligations, and the Government have brought down this scheme to provide the necessary funds. The amendment would deprive the Government of from £500,000 to £750,000 of the amount they require, and those who advocate it have not suggested how the shortage is to be made up. When the honorable member for Brisbane (Mr. Finlayson) was asked what he would do, he said, "The physician does not prescribe until he is called in." That was as much as to say: "I know all about it, and can put the whole thing right, but I intend to keep the secret to myself until I am over on the other side." That is not a fair position to take up.

Mr. FINLAYSON.—It is not a fair interpretation of my argument.

Mr. MAXWELL.—The honorable member was called in, and asked for his suggestion. He replied, in effect, "I shall keep it in my pocket until I am in a position to give effect to it myself. I shall not give you the advantage of my information or knowledge."

Mr. J. H. CATTS.—The Government does not approach us in that way.

Mr. MAXWELL.—We are here to exercise our combined wisdom in the solution of our difficulties, and if the Government make a proposal which does not appear to honorable members to be all that it should be, the members of the Opposition should take a higher view of their functions than simply to criticise without offering any solution of the problem.

Mr. TUDOR.—We have moved amendment after amendment; and the fact that we move one is a sure way to get it thrown out.

Mr. MAXWELL.—I have supported amendments from that side when they appealed to me.

Mr. TUDOR.—If you voted with us, I guarantee that you were in the minority.

Mr. MAXWELL.—Much as I should like, if I could reasonably see my way to do so, to vote for the amendment, which would have the effect of lightening the burden on some people, I feel it my duty to vote against it, inasmuch as it does not commend itself to me, in the circumstances, as being reasonable.

Mr. WATKINS (Newcastle) [4.57].—I fail to see how a division on this proposal at this or any other time would put honorable members on the Government side in a false position. It is either right or wrong.

Mr. MAXWELL.—To vote against it would make it appear as if we were opposed to the principles of lightening the burden of those who are heavily laden.

Mr. WATKINS.—The honorable member taunted those on this side with not suggesting a means of raising the shortage. He knows that nobody can propose any increase in taxation in this Parliament except the Minister in charge of the Bill imposing such taxation.

Mr. POYNTON.—You know that, under the existing law, no married man with two children pays income tax unless he has an income of over £208, and then he pays only 6d. in the £1.

Mr. WATKINS.—I am concerned more with the case of the man who has six or seven children. I regret that honorable members have such short memories. The honorable member who made the charge of window-dressing ought to recall the fact that an effort was made in this Chamber, in May, 1918, to increase this allowance. I want to show what the Government have done with regard to income taxation, and to comment on the suggestion of certain honorable members opposite that in given circumstances they would be in favour of lightening the burden. While a clear exemption of £156 appears on the statute-book, an amending Bill brought down by the Government was passed, providing that, in every case where the income was over £156, the exemption should be reduced by £1 for every £3 by which the income was in excess of £156. That applies to all married men, so that the sympathy of Government supporters in that direction is worth nothing.

Mr. POYNTON.—A man has to get nearly £800 a year before the exemption disappears altogether.

Mr. WATKINS.—But it begins to disappear directly his income goes above £156, and, after all, what relief does it give to a man with eight children? Taking taxation generally in this community, including income taxation, who is it that pays, in proportion to his income, the biggest share? The man with a family pays every day of his life on the clothes and boots the children wear, and on the food they eat. He pays on everything that comes through the Customs.

Mr. POYNTON.—A man with six children would be entitled to earn £364 a year before he was called on to pay a fraction of the tax.

Mr. WATKINS.—Even so, would the Acting Treasurer say that a man with six children does not need all of £364 a year in order to keep them.

Mr. POYNTON.—He gets £364 without any taxation at all.

Mr. WATKINS.—Only if the whole of his children are under sixteen years. If one or two, or even three, of his boys are at a trade at 5s. a week, having passed the age of sixteen, he gets no exemption for them, although he has to keep them until they have learned their trade. There is plenty of room yet in the field of taxation where this shortage can be

made up without efforts being directed, as they have been by the Government during the last year or two, to make the lower-paid people of the community find more than their proportionate share. Take the amusements tax, for instance. I believe the Government propose to make a slight amendment by removing the tax on the 3d. ticket if the child goes by himself, but if the parent takes him, the tax has still to be paid. The Government propose a ½d. tax upon the 6d. ticket. The 1d. tax on the 3d. ticket amounts to 33 per cent., but the man who can pay 6s. for his seat at a theatre has to contribute only about 8 per cent. So it is throughout the whole of the Government scheme of taxation. It has been so arranged that, in proportion to their incomes, the lower-paid people shall contribute the greater amount, and efforts are being made still further to extend the scheme in that direction. Whether the taxation is direct or indirect, it is passed on in one way or another to those who have to toil and moil to keep the country going. There is nothing to prevent taxation being passed on in that way. It is all very fine for honorable members to quibble about whether this or some other exemption should be granted. Heads of families who, having regard to the high cost of living, find it difficult to maintain them, are entitled to relief. They are bearing the heat and burden of the day. In the main—I do not say in all cases—our soldiers came from the working classes. They went overseas to fight for this country, and their parents who remained at home were robbed by the profiteers. I hope that this small modicum of relief will be granted.

Mr. FENTON (Maribyrnong) [5.7].—Again and again during the course of this debate the amendment has been described as a piece of political window dressing for electioneering purposes. If we are to discuss it from that point of view, then the same statement might very well be made of nearly every measure on the statute-book. It might well be applied to the Budget statement submitted yesterday, and to the attempt on the part of the Government to exploit the soldiers.

Mr. CHARLTON.—But that, of course, is only a question of tactics!

Mr. FENTON.—When we were dealing with the Constitution Alteration (Legislative Powers) Bill a member of the Ministry in this House said that the

Government had not considered the justice of bringing State railway servants within the jurisdiction of the Commonwealth Conciliation and Arbitration Court; it was simply a question of tactics. A similar statement was made by a Minister in another place, so that, according to this confession, the Government, in submitting their proposal for an alteration of the Constitution, are merely indulging in the game of political window dressing.

Some eight years ago I said in this House that those who possessed one-fifth of the wealth of the community paid four-fifths of the taxation of Australia, and that those who owned four-fifths of the wealth of the country paid only one-fifth of its taxation. I was so astounded when I heard those figures mentioned for the first time by an ex-member of this House that I sought for confirmation of them. I accordingly interviewed an officer in the Victorian Government Statist's Office, who for years had been working out such problems, and submitted the matter to him. He went into it, and three weeks later supplied me with his conclusions, which emphatically corroborated the statement. If that was so eight years ago the position must be still more acute to-day. I challenge the Acting Treasurer (Mr. Poynton) to dispute the figures. Is it any wonder that throughout Australia there is a general protest against practically every method of taxation resorted to, since they involve the imposition of further burdens upon those least able to bear them?

Mr. POYNTON.—The logical conclusion to be drawn from the honorable member's argument is that we should abolish all taxation.

Mr. FENTON.—No. I contend that the whole system of taxation calls for serious examination and analysis, in order that we may arrive at an equitable basis. Does not the Acting Treasurer (Mr. Poynton) admit that the bulk of our taxation is passed on?

Mr. POYNTON.—I do not know about that.

Mr. FENTON.—The present Treasurer (Mr. Watt), speaking as a member of the Opposition when the Fisher Government brought in the first Income Tax Bill, said, in effect, "I know that the people will pay this tax. In connexion with every form of taxation a process of filtration goes on, until the tax

ultimately reaches bed-rock, or, in other words, is borne by the working people." Mr. McPherson, the Victorian State Treasurer, made practically the same statement before leaving for Great Britain a few months ago.

Mr. YATES.—The Minister for the Navy (Sir Joseph Cook) has made the same admission.

Mr. FENTON.—Yes; and it was also made by the honorable member for Wakefield (Mr. Richard Foster) when I was speaking in this House a few weeks ago. I am, therefore, surprised at the evasive reply just made by the Acting Treasurer to my inquiry. If he studies the question, I am satisfied that he will come to the same conclusion as the Treasurer has done.

Mr. POYNTON.—If we carried this amendment and, to make good the loss of revenue so sustained, increased the rate of taxation on the higher grades of income, would not that increase be passed on again?

Mr. FENTON.—I believe it would. This may be a partially futile attempt to relieve the already overburdened heads of families, but it is, at least, a recognition of the fact that our taxation is on a wrong basis, and presses most heavily on taxpayers with large families.

Mr. YATES.—A boot manufacturer giving evidence before the Royal Commission a few days ago said that he allowed for income tax in his cost of production plus 10 per cent.

Mr. FENTON.—That is so. According to returns prepared by the Commonwealth Statistician, Mr. Knibbs, a wage of £4 16s. per week in 1919 is worth to the family man only as much as £3 per week was worth to him in 1912. The purchasing power of the sovereign has been reduced to that extent. Mr. Knibbs shows further that a man who was living on £4 per week in 1912 should be receiving to-day £6 8s. per week in order to make good the increases in rentals and the cost of clothing and groceries.

Mr. POYNTON.—Such a man would not pay any tax under our present system.

Mr. FENTON.—Having regard to the fact that a general exemption of only £156 is allowed, the honorable gentleman is in error. A man in receipt of £3 per week would earn, provided he was in regular employment—and, unhappily,

too many are not—£156 per annum. If he received £4 16s. per week, his income would amount to £249 12s. per annum, but his position with that larger income to-day would be worse than it was in 1912, when he was earning only £156 per annum. Is it not time that we revised our antiquated methods of taxation?

I shall always protest against the taxation of married men in this way. A country's best assets are its children. When we have found employment for our own people it is well to think of immigration—to bring to Australia people of our own kith and kin—but we could have no better asset than Australian-born babies. There is, unfortunately, a decline in our birth rate. We have come into a heritage the like of which has not fallen to the lot of any other people. Australia is the brightest and best piece of God's earth, and if we are not the best people in the world we ought to be. Unfortunately, however, in the matter of our birth rate we are nineteenth on the list. Russia is at the head with an average birth rate of 44 per 1,000, and Japan has a birth rate of 33 per 1,000, but, unhappily, Australia's birth rate is only 26.5 per 1,000. I agree with the honorable member for Grampians (Mr. Jowett) that anything calculated to encourage large families in Australia is well worth doing. It has come within my own observation that many comparatively young couples capable of increasing the population of this country think that it would not be just or humane to bring more children into the world when they have not sufficient means to properly maintain them. There are in Australia many people who are honestly anxious to discharge the highest function of life, but feel that their income is insufficient to enable them to provide for a family. There are others who are committing race suicide, and these, if possible, should be penalized.

I shall vote for this amendment, which means, that every householder coming within the taxation area will be allowed an exemption of £50 in respect of every child under eighteen years of age. I shall vote for this or any other proposal calculated to relieve the people of some of the burdens under which they labour at the present time.

Question—That proposed new clause (Mr. JOWETT's amendment) be inserted—put. The Committee divided.

Ayes	19
Noes	27

Majority 8

AYES.

Anstey, F.	McDonald, C.
Blakeley, A.	Page, J.
Catts, J. H.	Pigott, H. R. M.
Corboy, E. W.	Tudor, F. G.
Fenton, J. E.	Watkins, D.
Finlayson, W. F.	West, J. E.
Higgs, W. G.	Yates, G. E.
Jowett, E.	Tellers:
Maloney, Dr.	Charlton, M.
Mathews, J.	Riley, E.

NOES.

Atkinson, L.	Livingston, J.
Bamford, F. W.	Lynch, J.
Bayley, J. G.	Maxwell, G. A.
Burell, R. J.	McWilliams, W. J.
Cook, Sir Joseph	Orchard, R. B.
Corser, E. B. C.	Poynton, A.
Foster, Richard	Sinclair, H.
Glynn, P. McM.	Smith, Laird
Greene, W. M.	Spence, W. G.
Gregory, H.	Webster, W.
Groom, L. E.	Wise, G. H.
Hill, W. C.	Tellers:
Hughes, W. M.	Story, W. H.
Jensen, J. A.	Thomson, John.

Question so resolved in the negative.  
Proposed new clause negatived.

Mr. CHARLTON (Hunter) [5.27].

I move—

That the following new clause be inserted:—  
"A. Notwithstanding anything in any Act to the contrary, returned soldiers, sailors, nurses, doctors, war workers, and others who were accepted for war service abroad shall be exempt from taxation on incomes derived from personal exertion."

I trust that this proposal will not be considered on party lines, and that it will not be said that it is brought forward for political purposes on the eve of an election. When the war commenced, I pointed out the great debt we would have to carry in consequence of the war, and said that the finances of the country would need re-adjustment. I said that men who had gone abroad to defend the liberties of those who remained behind should not be asked to pay for the debt incurred in meeting the cost of the war.

Mr. POYNTON—Does the honorable member propose to include also in this exemption the dependants of those who have died, and fathers whose sons have been killed?

Mr. CHARLTON.—The Acting Treasurer ridicules my suggestion, but let me

put the position before him. The income tax was imposed for the purpose of providing interest and sinking fund on our war debt, which was incurred by paying for the services of the gallant men who went abroad for the purpose of defending this country. I am asking that those men, on their return, should not be called on to pay back the very money which we borrowed for the purpose of paying them for their services. Otherwise, for the remainder of their lives a portion of their earnings will have to be devoted to that purpose. There was a lot of talk during the war about what we were going to do for our men. We said that justice would be done to them, and that those who remained at home, and whose property they had protected, would be called upon to pay the cost of the war. It is the least that we could expect. Is it fair to say that, because we have borrowed so many millions of money, we should evade our responsibilities?

Mr. GREGORY.—The honorable member dodged his responsibility in regard to the last question before the Chair.

Mr. CHARLTON.—I have never dodged my responsibility.

Mr. RICHARD FOSTER.—The honorable member dodged it when help was needed to save our soldiers' lives.

Mr. CHARLTON.—No man in this House followed a more straight-forward course during the war than I did. If the honorable member doubts that statement, let him come to my constituency at the forthcoming election, and he will soon realize where he stands. His trouble is that he intends to vote against my proposal, and is seeking to make it a party question. Four years ago I gave a pledge which I shall keep to my dying day. When addressing public meetings asking men to volunteer for service abroad in the great war, in which I believed we were justified in participating, I said that, as far as I was concerned, I would see that those who remained at home, and had the wealth of the country behind them, would be called upon to pay the cost of the services of those who went abroad.

Mr. RICHARD FOSTER.—It was a cheap pledge.

Mr. CHARLTON.—It is a pledge I trust I shall keep. I shall stand by the boys as I stood by them right through the war.

Mr. RICHARD FOSTER.—The honorable member did not stand by the boys.

Mr. CHARLTON.—The honorable member is referring to the conscription referendums. Australia did more in connexion with the war than was done by countries with bigger populations where conscription was enforced. Our soldiers did not want conscription. If the election is held on the 13th December the great majority of the returned men will be found supporting Labour members who were opposed to conscription.

I commenced by saying that I hoped my proposal would not be considered in a party spirit, but immediately I endeavour to do something beneficial to the great body of men who did such great service for us, I am met with a chorus of opposition and the accusation that I am actuated by some ulterior motive. My reply is that right through the war I have steered the course I thought was right, and, short of advocating conscription, have rendered every assistance to the men who went abroad. Having made the promise that, so far as I was concerned, they should not be asked to pay the cost of the war, surely I would be recreant to my duty if I permitted an opportunity to pass without taking steps to protect them from taxation whose special purpose is to repay money borrowed for carrying on the war. I am carrying out a sacred promise. It is not something which sprung upon me yesterday. Honorable members know that I have put forward this suggestion on several occasions, even before mention was made of holding an election. One of the first questions I asked when the House reassembled this year was whether the Government were prepared to amend the Act for the purpose of exempting those brave men who had served abroad from the payment of income tax upon personal exertion. I have held a straightforward view right through the war. If honorable members had adopted my suggestion to take from everybody all salaries and incomes beyond a certain amount for the purpose of paying for the war instead of borrowing money we should not have been in our present plight. No one can say that I have not been consistent. No one can accuse me of making party capital out of it. Time after time I have pointed out that we would have a big debt to carry, and that I would put forward every effort to safe-

guard the interests of the men who went away to fight for us. It does not appeal to me that a man who went abroad and took all the risks should be called upon to pay income tax on his return to meet the money which was borrowed for the purpose of remunerating him for his services.

Mr. POYNTON.—In his proposed exemption the honorable member is including doctors and men who took charge of the transports?

Mr. CHARLTON.—Yes, I am including all war workers. If the honorable member is prepared to accept the proposal in a reduced form, perhaps I can meet him.

Mr. POYNTON.—The honorable member proposes to exempt squatters.

Mr. CHARLTON.—They do not derive their income from personal exertion.

Mr. POYNTON.—Yes; they would be included in the exemption.

Mr. CHARLTON.—Interjections from honorable members opposite show that my amendment is not acceptable to them. When the war was in progress no one talked about what they would do for the soldiers on their return more than did those honorable members, yet when I attempt to do something which will be just to those men honorable members would willingly strangle me politically. What have I said to irritate them? I have endeavoured to make it clear that it is not a party question. I have held these views right through the war, and on previous occasions when I mentioned them no one raised any objection. In fact, quite recently, the Government said that they were considering whether they could give effect to my proposal, yet now when I attempt to put it into operation I am twitted on all sides with being actuated by political motives. If there were no election in sight we should not hear such talk.

Mr. POYNTON.—We would not have heard of this amendment.

Mr. CHARLTON.—The amendment would have been moved in any case. I have advocated this policy throughout the war.

Mr. POYNTON.—Men with incomes of thousands of pounds per annum would be covered by the amendment. It is absurd.

Mr. CHARLTON.—The Acting Treasurer may regard the proposal as absurd,

but as a representative of the people I intend to use whatever talents I possess for the benefit of those who are entitled to our consideration. Men who have given war service to the country should not be asked to pay the additional tax. During the period of war they have not been paying income taxation, so that it cannot be urged that the amendment would mean a reduction of revenue; it will not have that effect. After the lapse of twelve months, if the law remains in its present form, the soldiers will be required to pay this tax. I wish to relieve them of that burden. The man who has rendered service abroad should not be called upon to repay the money that has been expended on account of the war. I am sorry that so much heat should have been engendered by this proposal. This is a very proper proposal for honorable members to consider, and it should be regarded as devoid of party significance. If the Government desire to oppose the amendment they are perfectly entitled to do so, but no honorable member who regards it as his duty to submit a proposal of this kind should be subjected to such taunts as have been hurled at me this afternoon.

Mr. FINLAYSON (Brisbane) [5.40].—It is with pleasure that I give practical expression to the views I enunciated yesterday by supporting the amendment. Throughout the war I have tried to be a friend of the soldier, believing that if he was willing to give his all, and risk even life itself, there was demanded of us something in the nature of a corresponding sacrifice and risk. Nothing we can do for the returned soldiers will be too much; nothing we can do for the dependants of those who lost their lives during the struggle will be too great. The Acting Treasurer (Mr. Poynton) asked the honorable member for Hunter (Mr. Charlton) by interjection, whether he is willing to make the amendment apply also to dependants of deceased soldiers. I say frankly that if the Government are willing to make this exemption apply to dependants they will receive my most cordial support. There is nothing that the Government may be willing to do for returned soldiers or the dependants of deceased soldiers that will not have my hearty approval. The Acting Treasurer sought to show the absurdity of the amendment by stating that a number of returned soldiers have incomes from personal exertion amounting to several

thousand pounds per annum each. That may be true in respect of a few isolated cases, but the objection is not applicable to any reasonably high proportion of the 400,000 soldiers, nurses, and war workers whom Australia sent to the Front. I am sure that the proportion of those whose yearly income from personal exertion is over £500 is very small indeed, and the present income taxation does not apply to more than a small percentage of the soldiers. Indeed, I believe it will be found that a great number of the returned soldiers do not come within the taxable area at the present time. The amendment is merely a guarantee of our appreciation of the services of our soldiers to the extent of providing that, in addition to the risks they have already taken, they shall not be called upon to pay for the expenses in connexion with the war. That, indeed, would be placing upon them a double burden, and loading up the willing men to an extraordinary extent. If we agree with the statement of the Acting Treasurer in his Budget speech regarding the virility of the Australian people, and the potentialities of this country, we should be more willing than any other people in the world to show in a practical manner our appreciation of what the soldiers have done. Our admiration of the achievements of our men in the fighting zone is common knowledge. It is mere redundancy to repeat the eulogies and compliments which have been passed upon them. It is trying to paint the lily to talk of the valour of our soldiers as the Prime Minister (Mr. Hughes) and his supporters do. That valour is a fact that is accepted and acknowledged world wide, and, no matter what happens in the future, it can never be gainsaid. Let us, then, show our appreciation in a practical form.

I do not think anybody is satisfied that the Repatriation Department has yet begun to accomplish the things we hoped of it. The Minister for Repatriation (Senator Millen) has applied to the work of his Department an enthusiasm and energy which are entirely to his credit; but nobody can argue that the Department has been a success in repatriating our soldiers. However enthusiastic the Minister may have been, the machinery has not proved efficient for its purpose, otherwise there would not appear in the daily newspapers each day those grievous

*Mr. Finlayson.*

lists of returned soldiers who are advertising in vain for employment. The Government take credit to themselves for saving Commonwealth expenditure by restricting public works. For some years they have held up the public works of the country, and yesterday's Budget indicates a continuance of that form of economy. This is all the more objectionable in view of the fact that the expenditure for the next year is estimated to be £4,434,327 higher than that of last year. There is to be this additional expenditure, but public works have to be starved, and economy is to be practised in those directions in which employment might be found for returned soldiers and for other workless sections of the community. When we ask that some relief be given to our soldiers, not as a concession, but as a right earned by their services, the Government object. If it be argued of this proposal, as was argued of the previous amendment, that it is brought forward for electioneering purposes, I am willing to accept that allegation, and during the coming election campaign I shall express frankly and freely my opinion that the Government have not yet begun to do their duty to the returned soldiers.

*Mr. RICHARD FOSTER.*—And the people will understand the honorable member perfectly well.

*Mr. FINLAYSON.*—Talk in that strain comes with ill-grace from honorable members on the Government side, in view of the fact that the Budget includes two proposals that are obviously nothing else but electioneering proposals. I refer to the reduction of the entertainments tax and the increase in the old-age pensions. If the Government were honest in regard to the old-age pensions, for instance, they would have increased them to £1 per week.

*Mr. WEBSTER.*—Why not say £2 per week?

*The CHAIRMAN (Hon. J. M. Chanter).*—I ask honorable members to confine themselves to the amendment.

*Mr. FINLAYSON.*—If there is any electioneering in the financial proposals, the Government has set the example. I give the Government every credit for such modicum of relief as they have extended in connexion with the entertainments tax and the old-age pensions; but

here is a proposal for which the country has asked, and is expecting, and something which the soldiers have a right to demand.

It took the Government a long while to make up their minds to extend to the soldiers on active service, or returned men, the ordinary citizenship right of voting. On the three Electoral Bills I proposed amendments in this direction, but it was not until last year that the Government accepted the principle, and agreed that each soldier, or nurse, or any others who had been on active service, should be recognised as entitled to citizen rights.

Mr. BAMFORD.—Was that an electioneering dodge?

Mr. FINLAYSON.—It could not be an electioneering dodge on my part, because I proposed the amendment in the very earliest stages of the war, when the first Bill was introduced to enable soldiers to vote. Under that Bill only soldiers of twenty-one years of age were allowed to vote, and my proposal that every soldier should vote, irrespective of age, simply because he was a soldier, was refused by the Government.

Mr. McWILLIAMS.—It is not fair for the honorable member to get in an electioneering speech now!

Mr. FINLAYSON.—I consistently advocated that proposal right through, but it was only last year, as I say, that the Government accepted it.

The Government are very tardy in recognising their duties and responsibilities towards the returned soldiers, and the amendment of the honorable member for Hunter (Mr. Charlton) is by no means extravagant. If it does not go far enough, I am prepared to support any honorable member who proposes to extend its operation. I look on the amendment as a reasonable instalment, but nothing more. As to soldiers' dependants, we are in duty and honour bound to provide the widow of every deceased soldier with a home rent free for her life-time. There is nothing we can do for the dependants that will adequately remunerate them, or make up to them the loss of their breadwinner, governor, and guide.

I have always at the back of my mind the argument that if we can afford to build up a debt of £300,000,000 odd for carrying on the war, the people of this

country, who reaped the rewards and fruits of victory, and enjoy the protection guaranteed by that victory—who will realize in years to come, more and more, the blessings of victory—should be ready to accept their responsibility for marking the appreciation of the work of our soldiers. For myself, if it is necessary in order to relieve the returned soldiers from their share of income taxation, whatever it may be, and exempt them for life, I am prepared to have my proportion of the tax increased to make up the deficiency. I do not think the community as a whole would refuse a little addition to their income tax payments in order to allow the returned soldier to go free.

What would this exemption mean after all? I question whether it would mean more than an extra 10s. or £1—certainly not more than £1—which the income tax paying section of the community would be called upon to contribute.

Mr. CHARLTON.—The soldiers are paying nothing now.

Mr. FINLAYSON.—If they are paying nothing now, the amendment would only mean a continuation of the privilege they at present enjoy. The amendment is a very reasonable, timid, and almost feeble suggestion when we think of the services these soldiers have rendered. If we begin to try and balance, on the one hand, the value of the services of those men, and, on the other, what those services are worth to us, this amendment is nothing more, as I say, than a very small instalment of what we owe them.

Mr. RILEY (South Sydney) [5.56].—I shall support the amendment. These soldiers left their work in this country, and served at the Front for some years for 6s. per day. They have made great sacrifices, and now that they have returned they find themselves out of employment. At present they are not taxed, and if they are brought within the operation of the Bill we are creating a new class of taxpayer. The exemption will be only a fair and just return for the services these men have rendered. What should we gain by taxing them? The tax is only on incomes from personal exertion, and the amendment would merely carry out the expressed intention of the Prime Minister (Mr. Hughes) to do everything possible for the returned men. The proposal provides a very simple

way of doing something for them. The public debt was incurred to carry on the war, and while we at home have been paying taxation, these men have risked their lives and health. Yet when an amendment of this kind is proposed, those who support it were told they are pandering to the returned men for their votes. The Prime Minister, in his triumphal march, much in the way of a circus, putting on a "digger's" hat here and a sailor's hat there, was pandering for their votes.

Mr. RICHARD FOSTER.—Last night, at Newcastle, without a "circus," the returned soldiers said they were going to stick to the Prime Minister.

Mr. RILEY.—If the honorable member knew the constituency of Newcastle he would realize that a Nationalist has not the slightest "show" there. And what class of soldier is it that supports the Prime Minister? The officer class.

Mr. RICHARD FOSTER.—That is absolutely incorrect.

Mr. RILEY.—Whenever a soldier is selected as a Nationalist candidate he is an officer. That cannot be denied.

Mr. JOWETT.—I do deny it.

The CHAIRMAN (Hon. J. M. Chanter).—I ask honorable members to cease these continuous interjections.

Mr. RILEY.—I ask honorable members to give one instance in which an officer has not been selected.

Mr. PIGOTT.—Senator Foll.

Mr. RILEY.—That is not a case in point. Irrespective of parties altogether, Parliament ought to take the view that our returned men deserve some recognition. But what has the Government done for them since their return? The Government have propounded a scheme of repatriation, arranged for war-service homes, and so forth; and it may be the best is being done in the circumstances; but up to the present very few men are living in such homes, or have been assisted by the Government to obtain them.

Mr. POYNTON.—We have spent £2,000,000 already.

Mr. RILEY.—I have no doubt a lot of money has been spent, but the soldiers are not getting the advantage of it.

Mr. MCWILLIAMS.—We are doing more in Australia for our returned men than has been done in any other country in the world.

Mr. RILEY.—That may be. I believe we are doing fairly well, but we can do better. The Prime Minister has said that he could forgive the "digger" anything but murder and bigamy; and I hope the honorable gentleman will be here when the vote is taken, so that he may be put to the test.

Mr. LAIRD SMITH.—Is that why this amendment is moved?

Mr. RILEY.—The honorable member seems to be very suspicious, but our only object is right and justice for the men who have secured justice for us. Nothing can be too good for those who fought for the Empire at the Front; and if it were necessary to reduce the interest on war loans in order to meet our obligations, I would be prepared to support the idea. The Acting Treasurer (Mr. Poynton) takes a very gloomy view of the finances, but he regards them from a revenue stand-point and, of course, I cannot blame him for that. I think, however, that if the honorable member for Balacalva (Mr. Watt) had been in his place, he would not have opposed this amendment. Surely we have not reached the limit of our taxation resources? There are many sources of revenue open to the Treasurer.

Mr. RICHARD FOSTER.—We have not reached the limit of our financial responsibilities.

Mr. RILEY.—I know that finance is a difficult problem all over the world, and I am somewhat afraid of a collapse. I do not think, however, that we need fear a collapse of the kind in Australia, though we might feel the effects of any financial disturbance elsewhere. With all our natural resources, and our export trade in raw products, I think that Australia can easily afford to look after the men who have made the country secure for us. It is easy to say that we must face a crushing burden of taxation, but we must not forget that had it not been for our soldiers we should not have been safe at the present moment.

Mr. RICHARD FOSTER.—You admit that now.

Mr. RILEY.—I never denied it.

Mr. RICHARD FOSTER.—You did not take that view when the men were in Europe.

Mr. RILEY.—Nonsense! I had sons at the Front, and did not content myself with merely waving flags. We could not hope to defend this country without the men who went to the Front. The wealth producers and wealth makers

here owe all they have to the success of our soldiers and our Allies. We have won the war, and the country is free to produce more wealth and employ more labour. It is, therefore, up to the Parliament to see that the men who have done so much for us are treated fairly. We ought to look at this matter from a humane stand-point. I know men who have come back from the Front and are not able to get employment. They have sacrificed much, and if the Acting Treasurer would put his considering cap on I think he could find some means of doing what we want.

**Mr. POYNTON.**—We are paying all those men sustenance.

**Mr. RILEY.**—I think that that payment is a waste of money. It would be a more masterly policy if the Government would go in for a programme of public works and give the men employment, instead of paying them so much a week to keep them alive. We want a policy to develop the country and employ the men in it. They ask for work, not charity; but the Government are providing no work for them, because the Government have no policy. If the amendment is too sweeping, the Acting Treasurer might suggest to the mover that it should apply only to the rank and file.

**Mr. GREGORY.**—You leave out probably the principal sufferers—the parents of deceased soldiers.

**Mr. RILEY.**—I am glad the honorable member mentioned that matter. I expect him, when he has the opportunity, to move an amendment to include all those people, and I shall vote with him. I am sure it only needs to be put before the Acting Treasurer for him to adopt it, as we are all agreeable to it. I support the amendment of the honorable member for Hunter (Mr. Charlton), whose sincerity in this matter no one can question, because two years or more ago I heard him advocate the same thing. He was prepared then to give up £200 a year from his salary towards paying the expenses of the war, if other members of the community would do the same thing. He was ready to do the right thing by the men at the Front, but he could not get support for his proposal. If we are not prepared to make sacrifices for the men who went to the war, we cannot, in the future, expect our men to make sacrifices to defend the country.

**Mr. BURCHELL** (Fremantle) [6.10].—One is very loath, on a proposition of this kind, to interfere with the Acting Treasurer's estimates of income in any way. At the same time, I know—and other returned men in the House have probably had the same experience—that most of the returned soldiers feel a great deal of bitterness of spirit, because after going overseas and taking the risks, they come back to find themselves called on to bear the added burden caused by the war. That, to them, is a real grievance, and their feeling is markedly bitter. It is because I know this that I propose to ask the Acting Treasurer (Mr. Poynton) to reconsider the whole matter, in order to see whether, if he cannot agree to the whole of the new clause, he can at least go half way, by exempting from taxation the returned soldier who is not receiving more than £500 a year from personal exertion. I do not want returned doctors, professional men, and others, who are able to earn considerably larger incomes, to have the benefit of any differentiation; but, in order to meet the growing demands of the returned soldiers who are in less fortunate walks in life, we should give them a continuance of the concession which was extended to them during the war period. I find, at page 7 of the Budget-papers, that the income tax in the year 1918-19 produced £10,376,000. Most of the men being out of the country, I take it, did not pay any income tax in that year. For this financial year it is estimated that the tax will produce £10,500,000, although practically all the men have returned, or an increase of only £124,000. If those figures are anywhere near the mark, there cannot be such a great amount involved by this amendment, particularly when one bears in mind the buoyancy of the country, referred to by the Acting Treasurer in his Budget speech yesterday. The honorable member for Hunter (Mr. Charlton) might be prepared to accept the half-way suggestion that I have made.

**Mr. McWILLIAMS.**—Would the honorable member be prepared to relieve the soldiers, and keep the tax on the picture tickets?

**Mr. BURCHELL.**—I was never in favour of the tax on the threepenny tickets, but, in any case, I do not think that is the only alternative. Evidently,

as shown by the Budget-papers, the Acting Treasurer does not expect a very increase in the income tax receipts as the result of the return of the whole of our men. If he agrees to exempt the personal exertion incomes of returned soldiers up to £500 per year, he will still secure a certain amount of revenue from the others who can afford to pay it. I agree with the honorable member for Dampier (Mr. Gregory) with regard to the widows and orphans.

Mr. GREGORY.—They are of more importance.

Mr. BURCHELL.—I believe they are: but the amount of income which they earn from personal exertion is not likely in the majority of cases to be within the taxab'e range. If they are drawing a limited income from property, they should be considered also. It is a little difficult for the Acting Treasurer, when new clauses are proposed in this way, to deal with them off-hand or to re-adjust his financial proposals in order to meet demands as they are made.

Mr. GREGORY.—Has the Returned Soldiers Association made any request to the Government for a provision of this sort?

Mr. BURCHELL.—I understand that they have, and that they are at this moment in consultation with the Prime Minister on the matter. Apart from that aspect altogether, as a matter of justice our men, particularly those who were in fighting units, who bore the brunt of the trouble, and took all the personal risks, ought not to be asked now to contribute towards meeting the added war expenditure. I should like those who can afford to pay to have to pay, and during the dinner adjournment the Acting Treasurer might well consult the honorable member for Hunter, to see whether it is possible to draft a new clause on the lines I have indicated. Thus, by a process of mediation and conciliation, which I have always advocated, they may reach a workable understanding to which we could agree, without doing irreparable injury to the Estimates as prepared, and which the Government could reasonably accept. Above all, it would do justice to the men who have suffered, and remove what they regard as a very real grievance.

Mr. POYNTON (Grey—Acting Treasurer) [6.18].—In the first place, I wish to object to this method of dealing with the taxation of the country. Whatever

our duty is to the returned soldiers, it ought not to be done in this form. I placed before the Committee yesterday the actual financial position, which shows a deficit of over £3,000,000 on the year's transactions. I have already provided £800,000 for old-age pensions, and would point out that quite a number of war pensioners are also entitled to old-age pensions. The old-age pension is not deducted from the war pension. That applies to many dependants of various kinds. The proposal of the honorable member for Hunter (Mr. Charlton), to be logical, should certainly include the whole of the relatives of those who lost their lives in the war. There were 60,000 deaths. His proposal means the exemption of a large number of people who are earning, or will earn, big incomes, not for one year, but for all time, including some who were in very rosy billets in connexion with the war. The result will be that the relatives of those who were killed will have to pay a lot more to make up for it. This proposition has not come before me from the returned soldiers, nor am I sure that it has come before the Prime Minister (Mr. Hughes). He is dealing with the whole of their suggestions, and at an early date is going to tell them how far he can go to meet them. The honorable member for Fremantle (Mr. Burchell) wants me to introduce an altogether new system into our taxation. I am to differentiate between certain people.

Mr. BURCHELL.—Why not?

Mr. POYNTON.—The principle is bad.

Mr. FENTON.—You make exemptions now.

Mr. POYNTON.—That is a general exemption.

An honorable member has said that we are doing nothing for our returned soldiers. That is a cruel and lying statement, which ought not to have been made.

Mr. JOWETT.—It is mere electioneering hypocrisy.

Mr. POYNTON.—That is so.

Mr. BURCHELL.—I did not make it.

Mr. POYNTON.—No; it was made by the honorable member for South Sydney (Mr. Riley).

Mr. FENTON.—He did not say that.

Mr. POYNTON.—He said that we were doing nothing for the soldiers.

whereas the truth is that Australia is doing more for her soldiers than is any other country.

Mr. WATKINS.—What about New Zealand?

Mr. POYNTON.—New Zealand has no repatriation scheme. In the matter of pensions, allowances, and general consideration, Australia is doing more for her soldiers than is any other country.

This is a most serious amendment to spring on the Committee. If it were carried I should have immediately to report progress. Acting as I am for the Treasurer (Mr. Watt), I dare not allow the finances of the Commonwealth to be hacked about in this way.

Mr. FINLAYSON.—Then for what does Parliament exist? What is our business?

Mr. POYNTON.—The business of the Opposition is, apparently, to try to put the Government into as many holes as possible. They have no responsibility.

Mr. TUDOR.—I regret that I was not present to hear the remarks of which the Acting Treasurer complains.

Mr. POYNTON.—A member of the honorable member's party has asserted that we are doing nothing for our soldiers. My reply is that, in that regard, we are doing more than is any other country.

Mr. PAGE.—There is no doubt about it.

Mr. TUDOR.—I have said that the Government have made mountains of promises, and that we have a mere dustheap of fulfilment.

Mr. POYNTON.—Under this amendment wealthy squatters who have been to the Front would be exempt for all time. In many cases the income of pastoralists is treated as income from personal exertion, and the incomes of doctors and lawyers are also derived from personal exertion. Many lawyers and doctors who have been at the Front are making big incomes as the result of personal exertion, and, under this amendment, they would be exempt. The incomes of some of the well paid men in the Military and Naval Forces would also come within the scope of the amendment, which is really an absurd one. It is difficult to estimate the loss of revenue that it would involve. We would not be justified in introducing a new system of this kind, under which some people would be exempt while others were not. In connexion

with the proposals submitted by the Returned Sailors and Soldiers League to the Prime Minister (Mr. Hughes), further consideration will, no doubt, be extended to those who fought for us. I am not prepared to accept any amendment of this Bill. The amendment places me in a very unfair position, since I am merely Acting Treasurer; but if the Treasurer (Mr. Watt) were here, I am satisfied that he would not agree to it. I have only to say, in conclusion, that while I have been assisting in administering the Repatriation Department, returned soldiers have received every consideration at my hands.

Mr. FENTON (Maribyrnong) [6.26].—I am surprised at the attitude taken up by the Acting Treasurer (Mr. Poyn-  
ton). From time to time complaints are made that the Government of the day—and I am not alluding to the present Government alone—fail to take the House into their confidence in respect of matters of finance. Surely we have as much right to determine what consideration shall be given to our returned soldiers in connexion either with income tax or any other form of taxation as the Prime Minister (Mr. Hughes) has to discuss such matters with them at a private conference, and then to submit a proposition to the House. The Acting Treasurer would have us believe that the Treasurer alone is the custodian of the public purse. I would remind him that this House is the custodian of the public purse of the Commonwealth, and has the right to determine how revenue shall be raised and distributed.

The honorable member for Hunter (Mr. Charlton) has made a reasonable proposition; but, while agreeing with the general principle, I dissent from that portion of it under which the exemption would be general. I quite agree with the Acting Treasurer, that among those who have fought for this country are some very wealthy men. I honour such men for their service, and am prepared to help them in every possible way; but I am convinced that they would be amongst the first to object to their exclusion from the taxpaying list.

Mr. POYNTON.—There are cases where the incomes of large land-holders come under the heading of "personal exertion."

Mr. FENTON.—Such men, if returned soldiers, would be among the first to object to being exempt from taxation.

Mr. CHARLTON.—In any event, it is for the Government to submit a better proposition.

Mr. FENTON.—Undoubtedly.

Mr. LAIRD SMITH.—This will conflict with the speech which the honorable member made in 1915.

Mr. FENTON.—Not at all. The opinions that I am expressing this evening are practically in agreement with those I uttered in the speech to which the honorable member refers.

*Sitting suspended from 6.30 to 7.45 p.m.*

Mr. FENTON.—It would hardly be right to free from taxation a man who is deriving a considerable income from property, although he has served his country faithfully and well; but at the same time it is well to protect those who have returned to us and are enjoying very limited incomes. A mechanic who was earning 12s. or 14s. per day prior to enlisting may have been four and a half years away from Australia fighting his country's battles, receiving half of what he would have received had he remained behind; yet on his return, probably shattered in health, if not disabled, we propose to pounce down on him, and call upon him to pay the same tax as that which is paid by other persons in the community. I claim that it is fair to give him some sort of exemption. The fact that the honorable member for Fremantle (Mr. Burchell) is favorable to the granting of a concession to those who have done so nobly indicates that the proposal of the honorable member for Hunter (Mr. Charlton) is not a party question. No one can accuse the honorable member for Hunter of window-dressing for electioneering purposes. When he moves an amendment it is a guarantee that it is an eminently fair proposal.

Mr. CORSER.—But the amendment will cover other than those whom the honorable member seeks to exempt.

Mr. FENTON.—That is true, and to that extent I am not fully in accord with it. The man who, through his industry prior to the war, was in a good position, or was possessed of considerable property, would probably be one of the first to object to his exemption from such taxation. But I think honorable members on both sides are quite in agreement that some concession should be made. We are the custodians of the public purse, and it

is our duty to make the concession; but before this Parliament expires I hope that we shall hear a statement from the Prime Minister that justice will be done to returned soldiers.

Mr. BURCHELL.—Perhaps the whole subject could be dealt with comprehensively.

Mr. FENTON.—Honorable members opposite may have some knowledge of what the Prime Minister intends to do, but, being in absolute ignorance of his proposals, I claim that this measure affords us an opportunity of meting out some justice to returned soldiers. I may have held different views two years ago, but the changes brought about by the increased cost of living and profiteering lead one nowadays to regard matters in a new light. The cost of living has so increased since 1916 that what might be considered an equitable financial arrangement at that time cannot now be so regarded, and it is our duty to make this concession; but I would like the Acting Treasurer (Mr. Poynton) to submit a proposal which, while bringing within the scope of the tax those who are in a position to pay it, would grant certain exemptions to returned soldiers.

Mr. RICHARD FOSTER (Wakefield) [7.55].—I regret that this matter has been brought forward in its present form, because anything which is done in a piecemeal way will undoubtedly prove unsatisfactory. Even if all that is asked by the honorable member for Hunter (Mr. Charlton) were conceded, it would be of little advantage to the great majority of our soldiers. It would be infinitely better for the Leader of the Government (Mr. Hughes) to make an official statement of the Ministry's intention in regard to any contemplated further contribution to soldiers in the form of a gratuity.

Mr. PAGE.—How much does the honorable member know?

Mr. RICHARD FOSTER.—I only know what I have seen in the public prints. These discussions are unfortunate, and may not be the best method of according ample justice to those splendid men who have come back to us with clean records. Nothing is too good for them. I deplore references, unwittingly made, I think, reflecting on the Government and the people of Australia. No country has treated its soldiers as handsomely as Australia has done.

Mr. MATHEWS.—The soldiers do not say so.

Mr. RICHARD FOSTER.—Some soldiers may not say so, but the overwhelming majority of those who have returned come back proud of their country, and grateful for what it is endeavouring to do for them. I have the utmost sympathy for those who have to handle the great question of repatriation, from the Minister down to the lowest official in the Department. It is a great scheme, which has to be worked out without any precedent for guidance, for we are breaking entirely new ground, and the applications for assistance are so overwhelming that it is utterly impossible to give satisfaction all round at once. There ought to be a spirit of forbearance, particularly in this Parliament. One honorable member has interjected that the soldiers do not think that things are being done as they ought to be. When we hear complaints it is our duty to go to the fountain head and learn the truth.

Mr. MATHEWS.—I hear that there are in the Prime Minister's Department 20,000 unopened letters from soldiers.

Mr. RICHARD FOSTER.—I do not listen to such tales. I always go to the fountain head to learn what is wanted, and I say that, with very few exceptions—

Mr. WATKINS.—There are exceptions?

Mr. RICHARD FOSTER.—Of course, there are. It would be impossible to run such a big scheme without unwittingly doing some injustice here or there. I have taken an earnest interest in this matter, and I know that the sum total of the effort that has been made is more than praiseworthy. From the commencement our soldiers have been treated better than those of any other country. They have been paid better. We have involved this country in liabilities for their repatriation on a scale more generous than that of any other belligerent country, with the one qualification that New Zealand and Canada have paid their soldiers a war gratuity. Those countries, however, paid their soldiers much less per day than did the Commonwealth.

Mr. POYNTON.—New Zealand paid only 4s. per day.

Mr. RICHARD FOSTER.—If the talk to which we have listened to-day continues, particularly amongst members of Parliament, we shall be dishonouring our

soldiers, because we shall be creating an impression that will be misleading.

Mr. MATHEWS.—We quite understand these heroics.

Mr. RICHARD FOSTER.—I would not be so contemptible as to try to exploit those magnificent men, and I am ashamed of any honorable member who would suggest such a thing. We have involved this country in liabilities which are overwhelming.

Mr. MATHEWS.—We need not have done so.

Mr. RICHARD FOSTER.—I shall take no further notice of the honorable member's remarks.

Mr. MATHEWS.—I know they hurt.

Mr. RICHARD FOSTER.—They hurt me because they hurt the soldiers. A man who would talk as the honorable member has done is not a friend of those magnificent men. I shudder at the thought that a man in a public position would conduct himself in such a way, and that that is his contribution to the soldiers. I hope that the doing of our duty to those men will not be made a political question, and will not be exploited. God forbid that it should be; and I am sure that by 99 per cent. of the people it will not be. But I appeal to the Acting Treasurer to consult the Prime Minister (Mr. Hughes).

Mr. POYNTON.—The Prime Minister has a number of these matters under his consideration, and he will announce in a few days what the Government are prepared to do.

Mr. RICHARD FOSTER.—I am glad to hear that, and I hope we shall hear such a statement. We have not done with our liabilities; they are still growing, and this country, in order to discharge its obligations, needs the co-operation of all true Australians, and all men who appreciate the great work that the soldiers have done for us. We ought to do for them all that the resources of this country can reasonably enable us to do.

Mr. YATES (Adelaide) [8.5].—It is strange that when we appeal for anything for the soldiers, we are accused of pandering to them, and of playing a political game. We are not asking for one whit more than what these soldiers are entitled to. We are only asking the Government to honour their promises. Nothing is too good for the soldiers. Honorable members have referred to the Repatriation

Department and the war service homes. What have they to say of the soldiers who are paying £700 for a home which before the war they could have got for £450, which would have been advanced in South Australia by the State Bank, at 4½ per cent.? To-day the interest is 7 per cent. Who is getting the additional £250? I recollect all that has been said by honorable members opposite regarding the sacrifices that should be made. Where are those sacrifices? The Government cannot even raise £25,000,000, at 5½ per cent., without a threat of compulsion; and yet, according to the Budget statement, and every statistical publication in the Commonwealth, Australia was never better off in monetary wealth or in kind. Nearly every line of the Budget statement reveals the wealth of the Commonwealth.

Mr. GREGORY.—Does the honorable member say that we have borrowed only £25,000,000 locally?

Mr. YATES.—The Government have turned over the credit of the country to the capitalists to a greater extent than that, and now they will not relieve the soldier from the liability of paying for the expenditure that has been incurred. Will the Acting Treasurer (Mr. Poynton) inform the Committee what extra burden will be placed on other taxpayers if the amendment is agreed to?

Mr. CHARLTON.—There will be no extra burden, because this taxation is not being contributed by the soldiers at the present time.

Mr. YATES.—Even before we started to plunge into debt the honorable member for Hunter (Mr. Charlton), a man as little able to bear the strain of financial sacrifice as any man in the House, offered to forgo all his income in excess of £400 in order to help the country to meet its obligations in connexion with the war.

Mr. LYNCH.—Mr. Abbott, of Wingen, in New South Wales, made that proposal earlier.

Mr. YATES.—Even if the honorable member for Hunter merely repeated a previous suggestion, he, at any rate, cannot be charged with proposing this amendment as a political placard. All the talk to which we have listened about "these magnificent men" will not feed or relieve one of them. They do not desire that sort of talk; all they want is

what was promised to them. They do not desire the sustenance money that is being paid out by the Repatriation Department, and which represents all outgoing and no income. Yet the Prime Minister says, "Produce, produce, produce, produce," in order to meet the exigencies of our position. The amendment proposed by the honorable member for Hunter is a test of whether the Government and their supporters are prepared to honour their promises, which meant, if they meant anything at all, that nothing is too good for the soldier, and that sacrifice should be equal. Let them make the sacrifice, and the lifting of the burden off the dependants of deceased soldiers should be the first consideration. Those soldiers who are fit and well can fight for themselves, but the soldiers' widows, who have to maintain and rear soldiers' children, are already carrying a heavy burden.

Mr. GREGORY.—This amendment would not protect them.

Mr. YATES.—The mover is prepared to listen to any suggested alteration of his proposal, and I believe that, if this amendment is defeated, another will be moved by a returned soldier, which will further test the sincerity of honorable members opposite. We are told that the Prime Minister (Mr. Hughes) is consulting with the returned soldiers, and that in all probability he will meet some of their requirements. Cannot this House do anything for them? The increase of the separation allowance was granted while I was in France, and the soldiers were led to believe that Senator Pearce was responsible. The Prime Minister came to France, and promised to do this and that for the soldier—for the sake of the kudos that might accrue to him. I remember getting a copy of a South Australian newspaper which recorded a speech by the Honorable James Jelley, who mentioned that he had waited on the Acting Minister for Defence in regard to an increase of the separation allowance, and had received a favorable reply. Mr. Jelley did as much to get that increase as did the Minister who finally gave it. The opportunity belonged to the Minister, but not all the credit. If honorable members do not take the opportunity of seeing that the soldiers get their just dues, they will be asked at election time what they did when this proposal was before the House.

When the War Pensions Bill was before this House I had not then enlisted—I was still one of the cold-footsers—but I said that lip service was not required by the soldier, that he wanted Parliament to produce the goods, and that Parliament should not only be just, but generous. I desired that every blind and permanently maimed soldier should be paid a living wage for the rest of his life. Parliament fixed a pension of £1 per week for soldiers, and that was subsequently raised to 30s. per week. Even now that is a starvation wage for those who have suffered such a penalty for their heroism. We have not been just to them, much less generous. We have borrowed in Australia £260,000,000, and I claim that that money could have been raised free of interest had the Government of the day been plucky enough to take the proper action.

**Mr. POYNTON.**—The first loan was raised by a Government of which the honorable member was a supporter.

**Mr. YATES.**—I grant that; but Labour Governments are not at all times wise in their judgment. Mine was only one small voice crying in the wilderness. But the honorable gentleman will recollect that when the first loan was proposed I said that I would neither invest money in it, nor urge any one else to do so.

**The CHAIRMAN (Hon. J. M. Chanter).**—The honorable member's remarks are beyond the scope of the amendment.

**Mr. YATES.**—There will be a better opportunity of discussing what is being done for the returned soldier, because the Government will have to do a deuced lot more before they will have honoured the promises they made. The amendment represents only a modicum of what should be done for our fighting men, irrespective of what their private means may be. Overseas a man was not protected from shell-fire even if he was a doctor. Possibly outside the casualty stations and the hospitals which happened to be bombed there was, perhaps, no risk to the doctors, but what risk there was they took. The number of doctors and lawyers and other men of affluence who went overseas would, if exempted, not represent any great amount of revenue. The Acting Treasurer (Mr. Poynton) must admit that the finances would not be very much affected

by the proposed exemption, which would at least give effect to the promise made that on every occasion when there was an opportunity to be just and generous to the returned soldiers, that opportunity would be taken.

**Mr. FALKINER (Hume) [8.16].**—I should like to make a few brief remarks in reply to the honorable member for Adelaide (Mr. Yates), who bases his ideas of the prosperity of Australia on the statements of the Acting Treasurer (Mr. Poynton). I think, however, that the Acting Treasurer is wrong in a few of those statements. Before dealing with those, I should like to point out what is preventing our doing what otherwise we should do for our returned soldiers. In the days of peace and prosperity, the Labour party were in power, and exploited this country for all it was worth, both in connexion with the note issue and in the duplication of Taxation Departments, which doubled the number of our civil servants. With all due deference to the honorable member for Adelaide as a financial authority, it is clear that this country must reduce its civil expenditure, no matter whether there be a National Government or a Labour Government in power. There are only twenty shillings in the pound, and if honorable members opposite are given the reins of government, they must reduce the civil expenditure if they desire to do all they say for the returned soldiers.

As to the Budget, according to the Acting Treasurer, there has been something like £44,000,000—

**The CHAIRMAN (Hon. J. M. Chanter).**—The honorable member may not discuss the Budget, though he may allude to it.

**Mr. FALKINER.**—Then I shall simply say that £44,000,000 has been collected from the taxpayers towards the war funds. This revenue has been made possible up to date by our unexampled prosperity. When the war started, the Labour Government in New South Wales was spending borrowed money wholesale. We had good seasons and good prices for our products; but those prices may not be maintained in the future.

According to the chairman of the Overseas Shipping Board, who ought to be an authority, it will take fully two years for

us to clear away the surplus—the carry-over—of our primary products. That is the official statement of the chairman of the Overseas Shipping Board to me as a member of this House. It means that all our free wool, free meat, canned fruits, hides, and everything else cannot go on to the market until we get rid of the carry-over, which has been paid for, and is lying here with priority of shipment. In the matter of wool alone, we are faced at the present rate of shipment, with 1,900,000 bales next June; and what the position will be with that quantity of wool sold with priority of shipment, and what the price of the free clip will be, I do not know. It is all very well for the Prime Minister (Mr. Hughes), in a whirlwind of words, to talk about what he would have done with the wool, and say "all right;" but those of us who have to pay 10s. in the £1 income tax regard the position as far from all right.

The result of another action of the Labour party when in power is seen in the Commonwealth Bank. I do not say one word against that Bank, or against its institution; nor do I say one word against the Governor, who happens to be a personal friend of mine. The way in which that gentleman has organized the Bank reflects the greatest credit on him, and on whoever advised the Government to select him. But the Commonwealth Bank is becoming a financial sore in this community. I have objected every time a loan has been raised, but still we go on in the same old stupid, ignorant way, paying all our direct and indirect taxation, revenue, and all our war loan money, into that Bank, where it is lying idle at the credit of the Government, to the detriment of trading and producing interests. In the time of our prosperity it did not matter much; but if honorable members take the statistics of any quarter, they will find from £27,000,000 to £33,000,000 lying idle, and it would not be safe to lend a proportion of the amount out by one institution even if the bank had the clients. The other banks are short to that amount in giving temporary accommodation to their customers.

Mr. BLAKELEY.—Cannot private banks get money from the Commonwealth Bank?

Mr. FALKINER.—I suppose they can if they pay for it. But that money is

lying there idle, to the Government's credit, because it will be wanted.

Mr. BLAKELEY.—How is it lying idle if it is wanted?

Mr. FALKINER.—It is lying idle until it is wanted by the Federal Government. In New Zealand, Canada, the United States of America, and, I believe, in England, the custom was to let such moneys lie with the banks, which found it for the taxpayers, until it is wanted.

Mr. MATHEWS.—And those banks made a profit out of it.

Mr. FALKINER.—Yes.

Mr. MATHEWS.—Why should the private banks make a profit out of loan moneys?

Mr. FALKINER.—It is better to let private banks make a profit out of such moneys, and tax them on the profits, than have the money lying idle. As I say, in the countries I have mentioned, the money was left in the banks, who had to find it, until it was wanted. The Governments there did not do the silly thing the ex-Treasurer did in the case of the last war loan. Although a drought was in sight, which has proved one of the worst we ever had, and will yet affect our finances in a very awkward manner, he asked for £40,000,000, and £43,000,000 was subscribed. Some millions were obtained under threat of compulsion, which frightened "old ladies" and other men with the mental characteristics of old ladies, into over-subscribing. This meant that subscribers had to sell, and the stock has depreciated to an unnecessary extent.

The CHAIRMAN (Hon. J. M. Chanter).—Does the honorable member propose to connect his remarks with the question before the Chair?

Mr. FALKINER.—Yes; because the state of our finances depends on whether we can or cannot give the exemption which has been proposed. Mr. McAdoo, the American Treasurer, when his loan was over-subscribed, told the financial institutions, which financed trade and commerce, that he did not want the money over-subscribed, and, on his suggestion, the banks cut down the amount.

We are told in the Budget that the present banking position is sound, and that is true; the men in charge of our banks are shrewd enough to see that it is sound. But when the Acting Treasurer (Mr. Poynton) says that the outlook for

the future is distinctly good, he shows himself to be a man who is not practical, and who does not know what is going on in Australia.

Mr. POYNTON.—I am satisfied that the outlook is good so far as the Bank is concerned, and I think I know as much about the matter as the honorable member. The banking position was never stronger in the whole history of the country.

Mr. FALKINER.—As a matter of fact, the finances of the banks have been strained in order to finance the war loans and the wheat scheme; and if the Acting Treasurer does not know this he ought to. The banks, consequently, in extending their advances in this way, have, I admit, made a great deal of revenue; but as a matter of banking, I do not think that there is one manager but would tell us but that they would rather lose that income and have less advances.

We all desire to do as much as possible for our returned soldiers, and the only way to do it is for the Government to practise rigid economy. As I have already said, the cost of the civil government was so excessively increased in the days of peace and prosperity, that if honorable members return to power, as they hope, they will be unable to do all they have promised for the soldiers unless they adopt a policy of firm retrenchment.

Mr. WATKINS (Newcastle) [8.28].—It is very refreshing to hear such a speech from the honorable member for Hume (Mr. Falkiner) at this period of the history of the Commonwealth Bank. I thought that every honorable member of the House, and every member of the community, was of opinion that had it not been for the establishment of the Commonwealth Bank just prior to the commencement of the war, our finances would not have been in the position they are to-day.

Mr. FALKINER.—What has the Bank done?

Mr. WATKINS.—It has arranged all our war loans at less cost than they could have been arranged by the private banks, and has thus saved the taxpayer a considerable amount of money.

Mr. FALKINER.—It has charged exchanges, whereas the private banks used to do the work for nothing.

Mr. WATKINS.—That is not so. The honorable member seems to think it

horrible that the Labour party, when in power, should establish a national note issue.

Mr. FALKINER.—No; I said they "exploited" the note issue.

Mr. WATKINS.—We all remember when the establishment of the national note issue was opposed by the private banks and their representatives.

Mr. FALKINER.—Money is cheaper today in New Zealand where there is no national note issue.

Mr. WATKINS.—New Zealand affairs are hardly comparable with the affairs of Australia. I have heard men who manage private banks in Australia express thanks during the war period to the Government for their action in nationalizing the note issue, because it prevented the rush on the banks for gold which otherwise might have taken place. The notes stood the test right through the war period, and relieved the strain on our internal arrangements. Those interested in private finance, and whose business it is to earn money through that channel, might be expected to complain on account of the great success of the Commonwealth Bank.

Mr. FALKINER.—Do not attribute unworthy motives.

Mr. WATKINS.—I am not suggesting that they are unworthy.

Mr. RICHARD FOSTER.—On the other hand, the Government have very properly thanked them for their support right through the war.

Mr. WATKINS.—I was merely pointing out that it was natural for men who earned money by private finance to object to the ground being cut from under their feet by a Government competitor.

Mr. GREGORY.—The Commonwealth Bank has nothing to do with the note issue.

Mr. WATKINS.—I did not suggest that it had. I dealt with the position of the Commonwealth Bank, and then said that we were blamed because we had nationalized the note issue.

Mr. FALKINER.—I never said anything of the sort. The Acting Treasurer has said that the Australian banks were of the greatest assistance to the Treasury during the war.

Mr. WATKINS.—I am not denying it. I should be sorry to misrepresent the honorable member, but I certainly made a note at the time of his remark that he blamed the Labour party for instituting a national note issue.

Mr. FALKINER.—For exploiting the credit of the country.

Mr. WATKINS.—We were living through strenuous times. The Act provided for a gold deposit behind the notes.

Mr. FALKINER.—Which does not belong to you.

Mr. WATKINS.—We all know sufficient of finance to be sure that within our own country a piece of paper that has the credit of the country behind it is just as good as a sovereign.

I agree that the issue raised by the amendment of the honorable member for Hunter (Mr. Charlton) ought to be regarded as non-party. Anything we do or want to do for the returned soldiers should be treated in that way. The amendment introduces no new principle. We are not asking the Government to do something new for the soldiers. We ask them to continue what they have been doing throughout the war period. They did it while the boys were fighting in France. Is it to be said now that, when we wanted them to go to France to fight, we offered them an inducement in the shape of relief from income taxation, but that now the war is over, and they have come home, they must help to pay the bill?

Mr. WISE.—Very few of them would have had to pay it during the war, because they were not earning the income.

Mr. WATKINS.—Then there can be no objection to continuing the practice now. In the great majority of cases I suppose they are earning just a little over the exemption. Are they to be dragged into the net after risking their lives fighting for the people of this country? Are they to be put on the same level as all those who did not go?

The returned men have not got the benefit of all that we can do for them. I admit the difficulties in the way of repatriation, and the greatness of the scheme, but very much more can be done immediately by the Government to relieve the situation. Notwithstanding all that has been done, I am getting brought under my notice case upon case where the men cannot obtain their deferred pay and their final settlement. I am sure that other honorable members have the same experience.

Mr. WISE.—Very few deferred pay cases are now outstanding.

Mr. WATKINS.—I still get a few, and I think a considerable number are reaching other honorable members. An inquiry might well be made regarding the fines and forfeitures on the final pay-sheets of the boys who have been serving at the Front. The whole trouble is centred there; and, evidently, all has not been well in this regard on the other side. I have been told that the honorable member for Wakefield (Mr. Foster) earlier this evening claimed that the returned soldiers were forming associations to show their satisfaction with the Government.

Mr. RICHARD FOSTER.—I did not say anything of the kind. I said I saw an account in the press of an association being formed in Newcastle and deciding to support the Prime Minister (Mr. Hughes).

Mr. WATKINS.—I have seen the very full report of that matter in the local paper. I have not a word to say against one of the men who were at that meeting; but they were Nationalists. They were officers, and not the rank and file. Even at that meeting there was a note of protest against the attempt to form a Returned Soldiers Association and make it a political concern.

The CHAIRMAN (Hon. J. M. Chanter).—Order! The honorable member is departing from the question.

Mr. WATKINS.—From all the talk that has gone on since the amendment was moved, one would think that it was an attempt to do something fresh for the soldiers. As a matter of fact, it only preserves a small concession which they had while they were fighting. The least we can do is to continue it until a general scheme is arranged, as projected by the Prime Minister, in order to provide further relief for the returned men.

Mr. GREGORY (Dampier) [8.40].—As this question will undoubtedly be exploited in the near future, I have no desire to give a silent vote upon it. The Government and the people have made a great number of promises to the returned soldiers. I claim, without egotism, to stand second to no one in this chamber in the keen desire to see all those promises carried out to the full. I want the Public Service Act amended so that the soldiers shall get preference in the Service. Will my honorable friends opposite stand with me in giving them absolute preference?

Mr. FENTON.—That is in the Act now.

Mr. GREGORY.—It is nothing of the sort, and they are not getting it. I do not want suggestions made that the returned soldiers can go to the Northern Territory and start development work there, or do pick and shovel work on the Transcontinental Railway. The returned soldier ought to get the pick of the jobs. I know the difficulties Ministers have to face, no matter what instructions they give, in regard to the Public Service; and we should provide clearly and distinctly in the Act that these men, when they return, if they can show they are qualified, shall be able to get the very best positions we can give them.

Mr. RILEY.—Would you dismiss other men in the Service and put these men in their places?

Mr. GREGORY.—In the case of eligibles, yes.

Mr. TUDOR.—If they were there before the war started?

Mr. GREGORY.—Yes, I would give these men preference. Men went away from the Public Service, spent three or four years at the Front, and came back to find that eligibles, who were not prepared to make any sacrifices for their country, had built themselves right up in their positions, and these men had to take subordinate posts.

Mr. YATES.—That is wrong. It ought not to be.

Mr. GREGORY.—We know what is happening to day, even in the Postmaster-General's Department.

The CHAIRMAN (Hon. J. M. Chanter).—Order! The honorable member is going right outside the question.

Mr. GREGORY.—I am dealing with the treatment we ought to give to returned soldiers. I shall have to vote against the amendment as proposed, and wish to point out the promises that have been made and should be carried out. In the Postmaster-General's Department, under the regulations, a returned soldier coming back to his work, if he does not join a union, although he is doing exactly the same work as the man alongside him, receives less pay. That is a disgraceful arrangement. We should give these men the fullest preference possible. It is admitted on all sides that the repatriation proposals of the Government are the best of any country in the world. I have read a good deal about

the question, and do not believe that so much has been attempted in any other country. Everything has not been done, however, because we are starting on new lines. The Department has to be built up, and blunders will take place in appointments. In making that statement, I am not reflecting on the Minister, because the Department is not one that has been developing for half a century, in which men have grown up and become used to the work. In those cases it is easy to deal with any sudden inrush of business, whereas in a new Department like this there must be delays and undue difficulties. The Government should make a special effort to push on with the work, particularly in regard to soldiers' homes and soldiers' settlement, so that many of the delays and difficulties now occurring may cease.

There seems to be a good deal of what we might term "death-bed repentance" on the part of honorable members of the Labour party. I draw attention to a debate which took place in this House on 1st September, 1916, when the honorable member for Gippsland (Mr. Wise), while the Income Tax Bill introduced by the then Labour Government was under consideration, submitted an amendment providing for a wider exemption to soldiers serving at the Front than that for which the Bill allowed. I find that the honorable member for Maribyrnong (Mr. Fenton) said, as reported in *Hansard*, page 6574—

I think that the only incomes that should be exempted are those up to £156, and any earned in the execution of duty as an officer or a soldier. Any income that a soldier leaves behind, whether it be earned by a *locum tenens* in a profession or by a representative in a business, ought to be taxed if it is beyond the exemption.

The quotation is interesting as showing the attitude of honorable members opposite when they have a sense of responsibility. Sitting in Opposition to-day, they have no responsibility resting upon them. The proposed exemption against which the honorable member spoke was in favour of men who were then actually fighting at the Front, but the mover of it could not get any one to join with him in calling for a division. There was a representative attendance. The honorable member for Brisbane (Mr. Finlayson) and the honorable member for Adelaide (Mr. Yates) voted in the previous

division, but neither they nor any other honorable member would come to the assistance of the mover of the amendment.

As was pointed out in connexion with the last amendment, it is difficult to estimate the loss of revenue that the adoption of a new proposal of this kind would involve. In my view, very few ordinary soldiers would benefit in the slightest degree by the acceptance of it. It has not been carefully thought out. It is the fathers and mothers of deceased soldiers who will feel the pinch more than any other section of the community, yet this amendment does not apply to them.

Mr. CHARLTON.—There are 2,000 returned soldiers in my electorate who would secure relief if this amendment were carried.

Mr. GREGORY.—But a proposal of this kind should be well thought out, so that we might know exactly the effect it is likely to have.

Mr. CORBOY.—It is open for the honorable member to propose the addition of a new clause exempting from income tax the fathers and mothers of deceased soldiers.

Mr. GREGORY.—It was only when this amendment was brought forward that the position of such people occurred to us.

In all the States we have branches of the Returned Sailors and Soldiers Association, and at the present time they are making special representations to the Prime Minister (Mr. Hughes). I am not in the confidence of the Government. I do not know whether they intend to grant returned soldiers a special gratuity based on their years of service, nor do I know what the representatives of the soldiers are seeking at the hands of the Government. But it is our duty to await the recommendations of the Returned Sailors and Soldiers Association of Australia, and to try, as far as possible, to give effect to them.

Mr. CHARLTON.—I had a resolution sent to me months ago from the returned soldiers in my district asking for this exemption.

Mr. GREGORY.—But I am speaking of the recommendations of the association as a whole.

Mr. CORBOY.—The Western Australian branch has repeatedly asked for this exemption.

Mr. GREGORY.—I am not aware that it has done so. We may not be able to give our soldiers all that they are asking, but I would give them absolute preference of employment. The best jobs within our control should be given to them.

Mr. RICHARD FOSTER.—That would be worth far more than this proposed exemption.

Mr. GREGORY.—Undoubtedly. I have no regard for the political aspect of this question. We have to ask ourselves how we can best serve those who have done so much for us. I believe we should leave the matter to the Conference now taking place between the Prime Minister (Mr. Hughes) and representatives of the Returned Sailors and Soldiers League. Let us find out what they want, and see how we can best carry out the desires of the association.

On these grounds I shall vote against the amendment. I shall regret doing so, because no one appreciates more than I do the wonderful work and the marvellous sacrifices made by our men. It is only my earnest desire to ascertain exactly what they want, and then to see how far we can give effect to their wishes, that induces me to take up this stand.

Mr. J. H. CATTS (Cook) [8.52].—We have listened to an interesting speech by the honorable member for Dampier (Mr. Gregory), who tells us that he would like to give effect to the amendment, but that this is not the time or the right place to make it. He thinks that all sorts of other considerations should be extended to our returned soldiers, but when he is brought face to face with an opportunity to do something for them he side-steps it.

This is a proposal to exempt our soldiers from having to pay the cost of the war. By refusing to accept the amendment, the Government are deliberately placing upon the shoulders of those who have been fighting the financial burden of the war. Not one member of the Ministerial party has sought to attack that proposition. They know that it is indisputably true. They dare not deny it.

The honorable member for Dampier asserted that the Assistant Minister for Defence (Mr. Wise), when the Income Tax Bill of 1915 was before us, moved a similar amendment, and that he could not get a second man to call for a vote. In referring to that fact he convicted himself

of not having supported the mover of it, although he sat on the same side of the House. The honorable member would not even join with the mover of that amendment in calling for a division. A division cannot take place unless at least two members call for it, and the Assistant Minister for Defence on that occasion had no one to support him. Thus the honorable member convicts himself of not having helped his own colleague on that occasion to obtain a division.

When the honorable member for Dampier (Mr. Gregory) is asked to vote for this amendment, and so to exempt returned soldiers from the payment of income tax, he says, "I am in favour of amending the Public Service Act so as to give preference to returned soldiers." But an amendment of the Public Service Act is not before us. He is in favour of doing something that he cannot do now, and of doing something else at some other time. But he is not in favour of this amendment, which would benefit returned soldiers.

The honorable member says that the returned soldiers should have the pick of the jobs. If that is his view, why has he been supporting the Government so long? If he thinks the Government should have done these things, which they have not done, then he is responsible for their failure, because he has assisted to keep them in office.

The honorable gentleman also says that the Postmaster-General (Mr. Webster) has failed to do this, that, and the other thing for returned soldiers. But he is helping to keep the Postmaster-General in office, and therefore, must be held responsible for any remissness on his part. It is open to him to move that the Postmaster-General be removed from office for not doing justice to the returned soldiers.

**THE CHAIRMAN (Hon. J. M. Chanter).**—The honorable member is going beyond the scope of the amendment now before the Chair.

**Mr. J. H. CATTS.**—The honorable member for Dampier discussed very fully the failure of the Postmaster-General's Department to do certain things for returned soldiers.

**Mr. MATHEWS.**—Side-step that question for a time, and come back to it.

**Mr. J. H. CATTS.**—I have no desire to do that. I wish only to meet the honorable member for Dampier on his own ground. He has made a speech for the benefit of the electors. Let the electors test it, and see where he stands. He declared that the administration of the Postmaster-General's Department, so far as returned soldiers were concerned, was disgraceful.

**THE CHAIRMAN.**—Order!

**Mr. J. H. CATTS.**—I am sorry if I am out of order in following the honorable member's remarks in that direction.

The honorable member for Dampier proceeded to deal very fully with repatriation excuses. He told us what the Government ought to do with regard to soldier settlement and war service homes, but those matters are not before us. He may have the best soldier-settlement policy that the wisest man could produce, but that will not excuse him for voting against this proposal to benefit returned soldiers. It is no excuse to say that he will do something for them on some other occasion, when he knows that he will not have another opportunity.

When the honorable member goes to the country he will say to the returned soldiers, "I did not vote to exempt you from the payment of income tax, and so to save you paying the cost of the war. But when that matter was before Parliament I urged that you should be liberally treated in regard to the provision of soldiers' homes. I said that the Government had failed to do what it ought to have done in regard to soldier settlement, and that the administration of the Postmaster-General's Department, so far as it affected returned soldiers, was a disgrace. Surely, having said all these things, you will not blame me for having voted against your exemption from the payment of income tax. Surely I am entitled to put this burden on your shoulders, and claim your votes."

The honorable member's excuse for voting against the amendment will not "go down." He must think that the Australian soldiers have "got off their balance" if he imagines that they cannot see through his transparent devices.

The honorable member for Dampier says that he does not know what the Government are going to do about some of these soldier questions. He does not know where his Government are leading him. All he knows is that he is going

where they are going. Like a certain historic personality, he says, "There goes the crowd. I must follow them, for I am their leader." Whether the Government concede a big war bonus, or a small bonus, or no bonus at all, or whether more burdens are to be placed on the shoulders of these returned soldiers, whatsoever the Government are doing, he intends to follow their lead.

The CHAIRMAN.—The honorable member is not touching the question before the Chair.

Mr. J. H. CATTS.—The honorable member for Dampier says that we cannot make an unknown alteration in the financial proposals. He cannot deal with the principle of the matter, the expediency of the thing alone troubles him; but from an interjection from the Minister (Mr. Poynton) it would appear that the exemption will not mean a very big loss to the Treasury, because there are not so many men who would be affected by it.

Mr. POYNTON.—Who said that? I have not spoken to the amendment.

Mr. J. H. CATTS.—Then I have misunderstood the Minister. Apparently this tax upon our soldiers is a widespread burden. Probably the interjection came from some other quarter.

Mr. POYNTON.—Whatever is done for the soldiers should apply equally to all of them, and this proposal will not do that.

Mr. CHARLTON.—Soldiers are not paying the income tax at the present moment, but from now on they will be obliged to pay it.

Mr. J. H. CATTS.—Therefore it is a new impost. It is increased taxation. Surely if it is necessary to increase the burden of taxation there are other avenues for raising it. What about the profiteers who are doubling the price of goods, and making an enormous profit? Why cannot the Government have a "go" at them, and make them pay the cost of the war?

Protestations from the other side of the chamber about returned soldiers remind me of some others. When the returned soldiers were being refused the jobs they held prior to enlisting, which it was promised should be held for them as a sacred trust, the Prime Minister (Mr. Hughes) said, "I will put those employers in the public pillory from one end of the country to the other." That was 1st August,

1917. That was twelve months ago, but not one of them has been put in the public pillory.

On 24th September, 1919, when there were complaints that certain landlords were demanding increased rents from returned soldiers, the Prime Minister said again, "I will put these men in the public pillory"; but it has not been done. These statements are so much hot air.

The CHAIRMAN.—The honorable member is not touching the question before the Chair.

Mr. J. H. CATTS.—I am putting up a plea for returned soldiers.

The CHAIRMAN.—The question before the Chair at present is the proposal to exempt certain soldiers and others from payment of income tax. The honorable member is dealing with the whole question of the attitude of the Government towards the returned soldiers, a matter that would be quite a fitting subject for discussion on another occasion, but which it is quite out of order to discuss at the present moment. I ask honorable members on both sides to confine their remarks to the question before the Chair.

Mr. J. H. CATTS.—I had not intended to follow these lines, but for the speech delivered by the honorable member for Dampier (Mr. Gregory). All that I could say, apart from that, has been said by other honorable members. Having made, in reply to the honorable member, a few references which I am not allowed to extend on the same lines that he followed, I am content to resume my seat.

The CHAIRMAN.—The honorable member is now reflecting on the Chair.

Mr. J. H. CATTS.—My remark was not intended as a reflection on the Chair. Apparently I have not the dexterity of the honorable member for Dampier in connecting with the precise matter before the Chair, what appeared to some of us to be irrelevancies.

Mr. LYNCH (Werriwa) [9.7].—While I absolve the honorable member for Hunter (Mr. Charlton), who has moved this amendment, from having anything but the best of objects, I must say that I decline to support his proposal, because it introduces a very wrong and pernicious principle into the matter of doing justice to the men who have fought for us overseas. The Government should be allowed to redeem their promises in their own way, not by giving piecemeal concessions

to a small percentage of men, but by a method in which all who have fought will participate.

Mr. POYNTON.—The amendment would give a big concession to some people and nothing to others.

Mr. LYNCH.—The amendment is the most unwise proposal ever put forward in connexion with repatriation. Our soldiery is a citizen soldiery, and anything which tends to perpetuate a distinct cleavage between our soldiers and the bulk of the citizens is to be condemned. No one can accuse me of being other than a friend of the soldiers.

It was Mr. Abbott, of Wingen, who was regarded as one of the greatest Conservatives in New South Wales, who made the earliest suggestion in regard to the conscription of all salaries over a certain figure for war purposes. The amount he mentioned was £200. I understand that the honorable member for Hunter (Mr. Charlton) mentioned the same amount when he put forward a similar proposal.

Mr. CHARLTON.—I said £400. I made my suggestion on the platform before I was returned to the House on the last occasion.

Mr. LYNCH.—When the repatriation question first cropped up in this House, I put forward the suggestion that 10 per cent. of all wealth in every form, land or otherwise, should be ear-marked as war wealth, not for immediate liquidation, but for the purpose of gradual absorption and liquidation in order to meet our obligations to returned soldiers, and to provide a war wealth fund. I believe that some such scheme will have to be given effect to sooner or later. It would provide for settling at least 50,000 soldiers on the land in Australia. No one can accuse me of being other than desirous of this country meeting in the fullest degree its obligations to returned soldiers, and I compliment the honorable member for Cook (Mr. Catts) on his new-born zeal in their cause, apart from the fact that, although he was of fighting age and condition, he refused to give them assistance when it would have been most beneficial to them.

Mr. J. H. CATTS.—You could have done so.

Mr. LYNCH.—I gave all the service that I was capable of giving. The honorable member may not know that I have

been crippled for thirty-one years, having had both knees broken. However, we must always give absolution when repentance is sincere, and the honorable member is now willing to give the returned soldiers every assistance which he, as a supporter of the Perth Conference resolution, was willing to withhold when they needed help far more than this exempting of 5 per cent. of them from the payment of income tax would give.

Mr. J. H. CATTS.—I want to make the capitalists of the country carry out their promises.

Mr. LYNCH.—The honorable member wants to do more than the law will allow him to do. The amendment seeks to introduce a pernicious principle. The responsibility of carrying out their obligations to the soldiers rests with the Government.

Mr. BLAKELEY.—Is the honorable member satisfied with the promise made by Ministers?

Mr. LYNCH.—I am satisfied that the Government are anxious to do all that it is humanly possible for them to do. I remind the honorable member, who is in the same category as the honorable member for Cook, that before we acquired these tremendous obligations and debts in connexion with repatriation this country never paid its way. We were engaged in improving a huge continent and were even compelled to borrow for the ordinary purpose of finding employment for our people. Now we have lost 60,000 of our best men, and we have numbers returned to us who are crippled; we have huge responsibilities; we have a disrupted world surrounding us; trade is difficult; and freight, the lifeblood of our trade, is higher than any one ever dreamt it was possible for it to be. It is only by these soldiers doing what I am certain they will do—that is, taking up their responsibilities of citizenship and assisting us in attempting to face this herculean task—that we can meet our obligations. The men who have put up such a fight for Australia recognise the duty of citizenship in its highest form. Will they fail us now?

Mr. BLAKELEY.—Those are the men you propose to tax.

Mr. LYNCH.—They are not the men we propose to tax; but, even assuming that large numbers of sailors, doctors, nurses, and war workers are exempted, how can we exempt the relatives of the deceased heroes?

Mr. J. H. CATTS.—That can be done very easily.

Mr. LYNCH.—Then the majority of the soldier-workers will be called on to bear additional burdens of taxation in order to meet our obligations to a section of their number. The claim is put forward that this tax must ultimately fall back on the workers. The majority of those who fought for us were workers. The principle embodied in this amendment is one that would be a disgrace to a committee of kanakas, and for an enlightened Parliament such as this claims to be to adopt it would be to cover itself with ridicule.

Mr. CHARLTON.—Did we not impose that tax in order to get money to pay the soldiers for their services? And is it fair to ask them to pay it back?

Mr. LYNCH.—We did not impose a tax for any such purpose. We have never insulted the soldier by attempting to dissociate him from the rights, privileges, and responsibilities of citizenship. I do not challenge the object of the honorable member for Hunter in proposing the amendment. The honorable member who has just resumed his seat said that there was no attack on the principle embodied in the amendment. I say that the principle is false, and to give effect to it would be to insult Australia's citizen soldiers.

Mr. LAIRD SMITH (Denison) [9.15].—I do not rise to explain my attitude in regard to this amendment. I would willingly give a silent vote, because I realize that soldiers, who demonstrated at the Front that they were possessed of brains sufficient to enable them to win the war, are capable of seeing through the tactics of the Opposition. I exempt from any accusation of electioneering the mover of the amendment (Mr. Charlton), who throughout the war has been consistent in his attitude, and who sent to the Front his only son, a keen, intellectual young man, who was making good in his law studies, and who, I am glad to say, has returned, and will make his name known in Australia. The honorable member for Cook (Mr. Catts), however, has suggested to me a very useful line of argument. He has referred to the powers of honorable members. I have supported in this House two parties, and my power as a supporter of a Labour Government was

much greater than that I enjoy to-day, because, if I were in a majority at a Labour party meeting, I knew that my attitude would receive the unanimous support of all its members in the House.

The CHAIRMAN (Hon. J. M. Chanter).—Order! The honorable member must confine his remarks to the clause.

Mr. LAIRD SMITH.—This is the section that was placed by a Labour Government in the Income Tax Assessment Act of 1915—

This Act shall not apply to any person who is on active service during the present war with the Military or Naval Forces of the Commonwealth or any part of the King's Dominions as far as regards income derived from personal exertion and earned prior to the commencement of this Act or during the present state of war.

I ask honorable members to note that no attempt was made at that time to extend that exemption beyond the duration of the war; it was clearly limited to "during the present state of war." That was emphasized by honorable members who are now sitting opposite. Why? Because that careful Treasurer (Mr. Higgs) was anxious to safeguard the finances of Australia. What a change came over him when he assumed the responsibilities of office! How careful was he of the finances! If he were in office to-day, would he agree to this amendment? No. We have observed the clever tactics employed in bringing forward this amendment to-night in order to place the Government in an awkward position on a future occasion. When there is such evidence of brains amongst honorable members opposite, I cannot understand why they should be seeking to get Mr. Ryan into the House in order to supply the party with intelligence. The logical deduction to be drawn from the section I have quoted from the 1915 Act was that the then Government realized that when the soldiers returned and resumed their citizenship, they should no longer be exempt from taxation. This is the explanation given by the then Attorney-General (Mr. Hughes), in reply to the honorable member for Gippsland (Mr. Wise)—

This surgeon, in the taxable year, earned an income of, I think, £16,000, and this he gave up for a yearly salary less than one week's fees. That surgeon, who, I presume, has resumed practice in Australia, will probably earn even more now, be-

cause, in the last few years, he has "made good" at the Front. Notwithstanding the financial position of the Commonwealth at the present time, honorable members opposite are anxious to exempt that man, who, in 1915, was earning £16,000 per annum. This amendment will exempt such a returned soldier as the honorable member for Flinders (Mr. Bruce), who is reputed to have an immense income. But of the rank and file how many will be required to pay any income tax at all? I wish that Australia were in a position to pay them such salaries or wages as would qualify them to be taxpayers under this Act.

I offer no excuse for the vote I shall give to-night, because I believe that the returned soldiers resent being used for party purposes, as is being done by honorable members opposite. The soldiers are willing to accept all the obligations of citizenship. I have not received from the Returned Soldiers Association in Tasmania any request for this exemption, although I have received many letters thanking me for what I have done for the soldiers, and also a letter from the Repatriation Department acknowledging that I was responsible for the regulation granting the concession to which the honorable member for Adelaide (Mr. Yates) referred. Honorable members on both sides of the House are doing their utmost for the returned soldiers; and I am proud to say, after a careful examination of the equipment, payment, transport, and treatment of the soldiers of all the belligerent countries, that the Australians fared better than any others. The honorable member for Adelaide is the only man whom I have heard say that the Prime Minister (Mr. Hughes) did not do anything for the soldiers while he was in Great Britain. Is that the deduction to be drawn from the public reception to him on the day of his return from Europe? Grateful men, regardless of political divisions, including many who may not vote for the Prime Minister, because they are members of the Labour party, assembled in Melbourne streets to welcome him home. Why? Because in France he did for the soldiers things which are known to other honorable members as well as to myself. Perhaps not during the coming election, but when the history of the war is written, all that the

Prime Minister did for the soldiers will be told. That is why, apart from politics, the soldiers welcomed and thanked him; they knew he had their interests at heart. If that were not so, would he have made the sacrifices that he has made? How easy could have been his political life—

The CHAIRMAN.—Order! The honorable member is wandering outside the amendment.

Mr. LAIRD SMITH.—I have quoted to honorable members a section from the 1915 Income Tax Assessment Act introduced by the Fisher Government, and I remind them that the honorable member for Maribyrnong (Mr. Fenlon) said—

I disagree with the clause, and I think it ought to be struck out; though I do not care about the proposed substitution of the honorable member for Gippsland.

Yet we hear honorable members to-night saying that we on this side of the House ought to do something in the interests of the soldiers. What troubles them is that we are doing too much. Let them wait and see what we shall do. I shall vote for the clause as it stands, because I believe that the soldiers are just, and they will not penalize us for doing what we regard as our duty at this period. I presume that, at the proper time, if the state of the finances will permit, whoever is Treasurer will see that the soldiers get something more than mere relief from the payment of income tax—a paltry sum that will not be collected from more than 10 per cent. of the men. I paid about £50 in income tax, Federal and State, last year, and I shall be willing to double that payment if by so doing I shall relieve the burden of the men who are on the lower rungs. But I am not prepared to make a sacrifice to relieve men who are earning £16,000 per annum.

Mr. YATES.—I rise to make a personal explanation. The honorable member for Denison (Mr. Laird Smith) said that I was the only man whom he had heard declare that the Prime Minister (Mr. Hughes) had done nothing for the soldiers. Either the honorable member misheard me or he is knowingly making a misstatement. I stated that the Prime Minister was making concessions to the soldiers that could have been made by this Parliament. To say that the Prime Minister did nothing for the soldiers would be absolutely incorrect. The

greatest feature of his activity in England was the cutting through of red-tape, and doing for the Australian soldiers what their officers would not do. The Prime Minister did a great deal for the soldiers.

**Mr. BRUCE** (Flinders) [9.29].—I shall oppose the amendment. It suggests the continuance of a concession given to the soldier while he was engaged on active service. To grant the exemption after he has resumed his citizenship would be a grave mistake, and, from my knowledge of the soldier, it is something he does not desire. This amendment would place the soldier in a special privileged class, by exempting him from a liability which is placed upon every citizen in the community who is in receipt of a certain income. The reason suggested for this amendment is that the soldier's services have been so great that we should ask no more from him than what he has done during the period of the war. The soldier, however, does not regard his services in quite the same light as some other people apparently do; his only feeling is that he has done his duty in the sphere in which he was placed during the war, just in the same way as the great majority of people in Australia—men, women, and children—have done their duty here at home. The soldier certainly does not ask for any special provision in this Bill, and I do not think he welcomes the championing he has received from certain people on the question.

It has been suggested that possibly this amendment is a strategic move for electioneering purposes; but any one who uses the amendment for that purpose is making the biggest blunder he ever made in his life. The soldier is extraordinarily astute, and is not taken in by anything of that sort.

**Mr. MATHEWS**.—The Prime Minister will not take him in.

**Mr. BRUCE**.—If the Prime Minister (Mr. Hughes) is not honest he will not take the soldier in. Experience of the soldier shows that he does not at all love the person who fawns upon him and tries to get, as he would say, on his "right side." The only person the soldier has the slightest respect for in the world is the strong man who does his work well, the man who makes the soldier do a soldier's duty, and who does his own. A

provision such as this, which is to give something to the soldier over and above what is given to all the other people who have also done their duty during the war, will not be welcomed by him, and certainly will not create any enthusiasm on his part. I suggest that it is a great blunder to attempt to do anything of the sort, from whichever side of the House the proposal comes. All the soldier desires is a fair and square deal, and he believes only in people who honestly try to see that he gets it. For a fair and square deal I do not think any proposal of the sort before us is necessary.

Our returned soldiers are being treated on a better basis than are the soldiers of any other nation which fought in the war. During my recent trip I had peculiar facilities for seeing what is being done in America, Canada, and England.

**Dr. MALONEY**.—What was the American soldier insured for by the Government? Double the amount that the Australian was insured for, and at one-tenth of the cost.

**Mr. BRUCE**.—In all the countries I have mentioned the provision that is being made for the soldier is not in any way comparable to what we are proposing in Australia. The United States have been mentioned, and the suggestion made that in the matter of insurance the American soldiers are better treated than are our returned men. I ask the honorable member who interjected to take the trouble to ascertain exactly what the American soldier is getting from his paternal Government on his return. Consider the facilities that are being given to the American soldier to re-establish himself in civil life, and it will be found that they practically amount to nothing at all; certainly to nothing comparable to what is being done in Australia. In England, too, very little, indeed, is being done for the returned soldier. In Canada, where more is being done than in England and America, the provision made is by no means so generous as that made in the case of Australia.

There is no question that the provision made in this country is extraordinarily generous, and the soldiers themselves recognise the fact. But I utter a word of warning when I say that what the soldiers are complaining about is the repatriation administration; and every one of us, on both sides of this House, should endeavour to help in the Herculean task

of putting the administration right. From personal experience, I am certain we have laid down the scheme on right lines; and if we can administer it properly it will prove of great benefit to the soldiers.

As to the amendment I shall unhesitatingly vote against it, because I do not think it is one that the soldiers themselves would desire to see carried.

**Mr. J. H. CATTS** (Cook) [9.35].—I do not desire the question to go without saying a further word, for otherwise there might be some misconception.

**Mr. POYNTON.**—You wish to make a personal explanation?

**Mr. J. H. CATTS.**—Not at all; what needs explaining is what has been said on the other side in regard to the attitude of the Labour Government in 1915. One would think that a proposal of this kind was then put before the House and that the members of the Labour party voted against it. Such an idea is absolutely without any foundation.

**Mr. LAIRD SMITH.**—Nobody suggested such a thing.

**Mr. J. H. CATTS.**—That is the inference. What is the effect of the statement of the honorable member for Dampier (Mr. Gregory)?

**Mr. GREGORY.**—It was a quotation.

**Mr. J. H. CATTS.**—The honorable member quoted a proposal moved by his colleague, the honorable member for Gippsland (Mr. Wise), and said that that honorable member could not get a vote. I shall give the text and context of that proposal, instead of quoting only a part, as the honorable member did. He placed it in an absolutely false light. The Labour Government deliberately included in their Income Tax Bill a provision that the soldiers we on this side now seek to exempt should then be exempted, and we did exempt them.

**Mr. CORSER.**—During the war.

**Mr. J. H. CATTS.**—Quite so, and now that the war has come to an end, we seek to further exempt them. The action of the Labour party is absolutely consistent. The clause in their Bill of 1915, as shown in *Hansard*, page 6572, read as follows:—

This Act shall not apply to any person who is on active service during the present war with the Military or Naval Forces of the Commonwealth, or any part of the King's Dominions, so far as regards income derived from personal exertion and earned prior to the commencement of this Act or during the present state of war.

The honorable member for Gippsland (Mr. Wise) moved to exclude the words "from personal exertion," thus making the exemption cover men with large incomes from property. If a man had an income of £50,000 from property, the amendment of the honorable member, if adopted, would have exempted him from the payment of income tax on that part of his income produced from property, whereas the Labour party sought to do what they are seeking to do now, namely, exempt the personal exertion of returned soldiers from taxation. We are quite consistent.

**Mr. WISE.**—The proposal was for the period of the war.

**Mr. J. H. CATTS.**—The honorable member desired to go further than incomes from personal exertion, and to exempt incomes from property.

**Mr. WISE.**—During the war.

**Mr. J. H. CATTS.**—The honorable member is not now prepared to do the lesser thing, and exempt incomes from personal exertion. He now desires the soldiers to pay for the war from personal exertion.

The honorable member for Denison (Mr. Laird Smith) referred to a rich man who went to the war; but that has no relation to what is now before the Chair. That gentleman does not earn his many thousands a year from personal exertion, because he is a man of large property.

**Mr. LAIRD SMITH.**—No, the income is from personal exertion.

**Mr. J. H. CATTS.**—The honorable member told us that he himself was quite prepared to give a silent vote on this matter, because it does not concern him a bit; but his antics, his tremulous voice, and his excitement show that he realizes he is in a very difficult position.

What do all these explanations and apologies mean on the other side, if it is not that honorable members realize that they are now making their excuses to the returned soldiers?

The honorable member for Werriwa (Mr. Lynch) was very eloquent on the advantage it is to the returned soldiers to have taxes heaped upon them. He can convince them with his flowing words that the penalty is placed on them for their own good. I have no doubt that when he gets on to the platform he will say to them, "Gentlemen, it is very true I have put a very heavy pack on your back in order to extract from you the

necessary money for the war, but I am sure you will send me back to Parliament, for you cannot fail to realize that the taxation is all for your own good; at any rate, if you cannot see that, you have no more sense than a committee of kanakas."

Mr. LYNCH.—I spoke of this Parliament.

Mr. J. H. CATTS.—The honorable gentleman, of course, was, and is, very excited; though he is leaning forward quite red in the face, he would have it go forth that he is as cool as a cucumber.

On this question, the Labour party is where it was in 1915, inasmuch as it exempted these men from taxation then, and proposes to exempt them now. All the apologies of Labour men who supported that Bill of 1915, but who have left the Labour party, and are supporting Tory proposals, will not shield them from just retribution when they face the returned soldiers at the polls.

Sir JOSEPH COOK (Parramatta—Minister for the Navy) [9.41].—I think it ought to be possible to now come to a vote, and I certainly do not desire to speak if a division can be taken at once. I am sure the matter has been debated sufficiently, and every one has made up his mind. I had intended to make a few observations, but I shall refrain if honorable members will come to a decision. I submit that it is not fair to take advantage of a Bill of this character, which, after all, is formal, to re-open the whole question of the taxation of the country.

Mr. PAGE.—What is the idea of bringing the Income Tax Bill up every year?

Mr. JOSEPH COOK.—There are no new taxation proposals in the Budget; and these Bills are intended to give effect to proposals in the Budget; otherwise we can get no money.

Mr. J. H. CATTS.—This tax was not imposed on these men before, and it is now sought to impose it.

Mr. JOSEPH COOK.—No such thing. There is no impost of any kind proposed that was not previously in operation. I appeal to honorable members to reserve their remarks on the general question for a more convenient season.

Mr. MATHEWS (Melbourne Ports) [9.44].—The debate has developed in the most extraordinary way, and I have certainly heard expressions of opinion from honorable members opposite which do not

tally with my own experience. We are making a decided effort to relieve the returned soldiers from certain taxation, but we are assured by honorable members on the other side that the returned soldier wants nothing of the sort. The speech of the honorable member for Flinders (Mr. Bruce), himself a returned soldier, was the most remarkable I have ever heard. It only shows that a gentleman in his position knows nothing about the condition of the returned Australian private. He says that the soldier is satisfied with what is being done. I have numbers of visits from returned soldiers, not the bumming section, not the man who is after a "bob" for a drink, or does not want work, but the man who is desirous of working, and to whom the receipt of a sustenance dole every week is repugnant. He says, "I do not want a sustenance allowance. I want to produce for myself." The sustenance allowance is to most men a degradation. Hardly a day passes but the Returned Soldiers Association endeavours to get the Government to do this, that, or the other for the returned soldier, but without avail.

Mr. MAXWELL.—No one said he was satisfied.

Mr. MATHEWS.—The honorable member for Flinders and several other honorable members were most emphatic that he was, but that has not been my experience. The returned soldier does not consider that he has been treated fairly. I brought up in this House, on the adjournment last Friday fortnight, the case of a man who would lose his business if he was not given some assistance. He was four and a half years at the war, returned, obtained his deferred pay, and put it into a business, but he did not get a cent from the Repatriation Department. When he applied to the Department for assistance to save his business from going away from him, he could get nothing, because he was not a married man, and not in business before he went. He could not even put in an application for assistance, because he could not fulfil those conditions. To-day his business is gone, and he is receiving about two guineas per week from the Department—a sheer waste of money, and degrading to the man, as he says himself. I know another man who has been back for two years.

An X-ray photograph shows a piece of shrapnel in his lung. Above his right breast there is a hole big enough to put an egg in. It exudes matter, and I wonder that septic poisoning does not set in. He is 20 miles away from a doctor, and is getting 30s. per week from the Department. Nothing can make me believe that that soldier is satisfied. General Brand, the Victorian Commandant, saw him, and I have been waiting to see if anything is done for him, but apparently nothing is to be done.

Sir JOSEPH COOK.—That man is not a taxpayer. Why quote him in connexion with this proposal?

Mr. MATHEWS.—If the Minister for the Navy had been present he would know that an attempt has been made during the debate to show that the returned soldier wants no consideration. I know differently, and so does the right honorable gentleman. I have always admitted that Senator Millen, the Minister for Repatriation, has done marvellous work, and I am not condemning him. I am not even attacking his Department in the way that I might. I am simply showing that the returned soldier does want consideration. Any one who says he does not is not speaking the truth, or is very fortunate, and does not get the visits that other honorable members do. I see at least twenty returned soldiers every week. They are not the crowd that want two guineas per week sustenance allowance. They want work, although many of them are not able to do all they could do before they went away. The Government have not yet made arrangements to meet their cases, and they are not satisfied. The returned soldiers have been meeting the Prime Minister (Mr. Hughes) to-day on a number of questions, including the one now before the Chair. When we on this side move to give the soldiers relief, those on the other side, who try to make it appear that the men are quite satisfied, are not stating the case fairly. If I were allowed, I could express it much more strongly. What is the use of trying to make us believe that the returned soldier is satisfied? He was promised the very consideration that we now ask the Government to give him. If those on the other side who claim to have his interests at heart cannot see the justice of our proposal, they are wilfully blind, and not desirous of doing what they profess.

Question—That the proposed new clause (Mr. CHARLTON's amendment) be agreed to — put. The Committee divided.

Ayes .. .. .. ..	17
Noes .. .. .. ..	31

Majority .. .. .. ..	14
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## AYES.

Blakeley, A.	Page, J.
Burchell, R. J.	Riley, E.
Catts, J. H.	Tudor, F. G.
Corboy, E. W.	Watkins, D.
Fenton, J. E.	West, J. E.
Finlayson, W. F.	Yates, G. E.
Higgs, W. G.	<i>Tellers:</i>
Maloney, Dr.	Brennan, F.
Mathews, J.	Charlton, M.

## NOES.

Abbott, Lt.-Colonel	Lamond, Hector
Archibald, W. O.	Leckie, J. W.
Boyd, J. A.	Livingston, J.
Bruce, S. M.	Lynch, J.
Cook, Sir Joseph	Maxwell, G. A.
Corser, E. B. C.	McWilliams, W. J.
Falkiner, F. B. S.	Pigott, H. R. M.
Foster, Richard	Poynton, A.
Glynn, P. McM.	Sinclair, H.
Greene, W. M.	Smith, Laird
Gregory, H.	Spence, W. G.
Groom, L. E.	Webster, W.
Hill, W. C.	Wise, G. H.
Hughes, W. M.	<i>Tellers:</i>
Jowett, E.	Story, W. H.
Kelly, W. H.	Thomson, John

Question so resolved in the negative.  
Proposed new clause negatived.

Mr. CORBOY (Swan) [9.58].—I move—

That the following new clause be added:—“Notwithstanding anything in any Act to the contrary, the exemptions made in calculating the income tax from all sources of returned soldiers, sailors, nurses, doctors, war workers, and others who were accepted for and proceeded abroad on active or war service, and any person dependent on any one who lost his or her life whilst on or because of such service, shall be twice as great as the exemptions provided in the Income Tax Assessment Act.”

My object is to double the amount of the exemption to returned soldiers, sailors, and the others I have enumerated, and the dependants of those who were killed or died abroad. That would make the exemption of income £312 for married men, and £200 for single persons.

Question put. The Committee divided.

Ayes .. .. .. ..	17
Noes .. .. .. ..	32

Majority .. .. .. ..	25
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## AYES.

Blakeley, A.	Page, J.
Brennan, F.	Riley, E.
Burchell, R. J.	Tudor, F. G.
Catts, J. H.	Watkins, D.
Fenton, J. E.	West, J. E.
Finlayson, W. F.	Yates, G. E.
Higgs, W. G.	<i>Tellers:</i>
Maloney, Dr.	Charlton, M.
Mathews, J.	Corboy, E. W.

## NOES.

Abbott, Lt.-Colonel	Leckie, J. W.
Archibald, W. O.	Livingston, J.
Boyd, J. A.	Lynch, J.
Bruce, S. M.	Maxwell, G. A.
Cook, Sir Joseph	McWilliams, W. J.
Corser, E. B. C.	Orehardt, R. B.
Falkiner, F. B. S.	Pigott, H. R. M.
Foster, Richard	Poynton, A.
Glynn, P. McM.	Sinclair, H.
Greene, W. M.	Smith, Laird
Gregory, H.	Spence, W. G.
Groom, L. E.	Webster, W.
Hill, W. C.	Wise, G. H.
Hughes, W. M.	<i>Tellers:</i>
Jowett, E.	Story, W. H.
Kelly, W. H.	Thomson, John.

Question so resolved in the negative.

Proposed new clause negatived.

Schedules.

The CHAIRMAN.—The question is—  
That the schedule be agreed to.

Mr. HIGGS (Capricornia) [10.5].—On the question “That the schedules be agreed to,” I desire to move—

That all the words after “be” be left out with a view to insert, in lieu thereof, the words, referred back to the Government with a request that the schedules be amended to provide a just and adequate penal super tax upon incomes derived from profiteering.”

The CHAIRMAN (Hon. J. M. Chanter) [10.6].—The honorable member gave me notice of his intention to move this amendment, and I have, therefore, had an opportunity to consider it. I have to rule it out of order. This is a Committee of the Whole. The House submitted to the Committee of Ways and Means a resolution embodying the whole of these schedules. The Committee of Ways and Means agreed to that resolution, and the Committee was instructed to report to the House to that effect. The report was made, and the House confirmed the resolution which is covered by these schedules. That being so, the schedules cannot now be amended. On a prior occasion I gave a similar ruling, and then set out in detail my reasons for it. I would point out that, if honorable members desire to amend schedules of

this kind, they must take action in the Committee of Ways and Means. They cannot amend the schedule to the Bill since they have been previously agreed to in Committee of Ways and Means, reported to the House, and adopted.

Mr. BOYD (Henty) [10.8].—I desire to ask the Government when a Bill of this character will be introduced with a schedule that honorable members can understand? I have put this question on every occasion that an Income Tax Bill has been submitted to this House since I have been a member of it. There are not three members who understand that part of the first schedule which provides that—

The average rate of tax per pound sterling for so much of the taxable income as does not exceed £7,600 may be calculated from the following formula:—

$R = \text{average rate of tax in pence per pound sterling.}$

$I = \text{taxable income in pounds sterling.}$

$$R = \left( 3 + \frac{3}{800} I \right) \text{ pence.}$$

For every pound sterling of taxable income in excess of £7,600 the rate of tax shall be Sixty pence.

Mr. Fisher was the first Commonwealth Treasurer to introduce an Income Tax Bill with a schedule of this kind attached to it. When I asked him what the schedule meant, he replied, “Do not ask me, I do not know.” He was candid. When the Prime Minister (Mr. Hughes), on a subsequent occasion brought forward a similar schedule, I said to him, “Would you mind explaining it?” A broad grin overspread his face, and he said, “Gape sinner, and swallow.” This formula may be all right according to the higher mathematics. The honorable member for Wentworth (Mr. Kelly) may be able to explain it, but how many other honorable members can do so?

Mr. KELLY.—Is the honorable member aware that the Professor of Mathematics in the Sydney University says that Mr. Knibbs has been making a very serious blunder?

Mr. BOYD.—Why have I been paying income tax that I should not be called upon to pay? It does not concern me very much, but when constituents come to me and say, “The Income Tax people are defrauding me,” the position is awkward.

Mr. KELLY.—May I relieve the honorable member's Scotch conscience by saying that the Professor of Mathematics in the Sydney University says that there is only one-eighth of a farthing wrong in the schedule that he attacks.

Mr. BOYD.—But when you multiply that one-eighth of a farthing by millions, where are you?

Mr. LYNCH.—When the honorable member is sick, he does not refuse the medicine prescribed for him merely because he cannot analyze it.

Mr. BOYD.—I do, because I once heard a doctor say that he could not afford to take a holiday, since, if he did, his patients would recover. I am not referring to the honorable member for Melbourne (Dr. Maloney).

In all seriousness, I would urge that we, as a Parliament that is supposed to represent the people, ought to know what we are doing. We should not be compelled to rely upon the Government Statist, a Treasury official, or any other Government servant, in this regard. Every Treasurer who has been responsible for the introduction of a Bill of this kind, when asked to explain the schedule, has either tried to laugh it off or has gazed with a look of blank stupidity at the questioner. Under the Victorian Income Tax Act, a man can calculate without difficulty exactly what he has to pay by way of income tax.

Mr. PIGOTT.—That is so in New South Wales.

Mr. YATES.—And also in South Australia.

Mr. BOYD.—So that in three States, at least, there is no difficulty; the taxpayer knows at once what he has to pay by way of income tax. Is it not one of the essentials of taxation that the taxpayer ought to be able to calculate for himself what he has to pay? No one in this House can explain what this formula means.

Mr. KELLY.—The honorable member for East Sydney (Mr. West) is quite clear on the point.

Mr. WEST.—It is quite clear in one respect, but not in others.

Mr. BOYD.—Two great minds following in the one groove! We have to accept without question the assessments made by the Income Tax officials, whether they be right or wrong. The honorable member for Wentworth (Mr. Kelly) says that

Mr. Knibbs, according to the Professor of Mathematics in the Sydney University, is wrong in one of his calculations. In levying taxation on the people, are we to be subservient to Mr. Knibbs? I shall always protest against this schedule until we are given a sensible method of calculating the income tax payable by tax-payers. This curve may be all right. Mr. Fisher was, I think, the first to introduce a Bill providing for it. When I asked what was meant by a curve of the third degree, he said that it was the curve that came after the second. Had I put the same question to the present Minister for the Navy (Sir Joseph Cook), he would have said, "Ask me something easy."

Dr. MALONEY.—A ready-reckoner had to be prepared to enable a person to follow the schedule easily. No accountant in Melbourne could make out an assessment straightway.

Mr. BOYD.—The honorable member for Melbourne has handed me a copy of the very simple schedule upon which the income tax is collected in Victoria. It enables the taxpayer to multiply the amount of his income by the rate of the tax, and thus easily ascertain the income tax he has to pay. The only argument in favour of the Federal conundrum is that it seeks to give to each pound its theoretically correct proportion of the tax; but even some University professors doubt its accuracy in this regard. With the object of having the schedules referred back to the Government, with a view to having a simpler schedule substituted, I move—

That the schedules be left out.

The CHAIRMAN (Hon. J. M. Chanter).—I have already ruled that the honorable member cannot alter or amend the schedules or refer them back. The Committee of Ways and Means has adopted the schedules, and the House has adopted the resolution of the Committee of Ways and Means embodying the whole of the schedules, and has submitted them to a Committee of the whole, which cannot alter or amend them. The honorable member may vote against the schedules if he so chooses, but he cannot alter or amend them.

Dr. MALONEY (Melbourne) [10.21].—Any man of ordinary understanding can tell what income tax he has to pay

under the Victorian, New South Wales, and Western Australian income tax schedules, but I have failed to get several accountants to work out the figures of varying incomes on the Federal schedule, with its many curves, and running into five decimals. The result of the Federal method is to place honorable members more and more in the hands of the heads of Departments, who are really the governing class in this community. Many of them do their work splendidly; but I do not know of any Minister who can calculate the rate of any one's income tax upon these curves.

Mr. MAXWELL.—Who invented this abomination?

Dr. MALONEY.—I do not know. I have always found the officials in the Taxation Department most courteous, and ready to alter and amend an assessment when a wrong has been done, but this schedule is an absolutely absurd one. Its object is to make every pound pay its minute fraction of tax; but I maintain it is time we should follow the splendid example of Napoleon the Great, who in his Code employed the simplest language, that any one could understand.

Mr. KELLY (Wentworth) [10.25].—It is hardly fair to the Government to ask them to bring down a fresh schedule, as the time is so very short; but I certainly think that this method of raising revenue should be revised, and that the Government should seek some extra departmental advice as to the best way of imposing a schedule that would be understood by the people, and at the same time yield the revenue Ministers require.

Sir JOSEPH COOK.—I frankly admit that I do not like this schedule.

Mr. KELLY.—When the income tax was first introduced in this Parliament, we had a Treasurer (Mr. Fisher) who really could understand these minute mathematical problems. When the Treasurer looks into the question of raising revenue, he might best meet the requirements of the future by basing his tax reasonably upon the field that will yield the best return. The biggest field of income tax revenue is provided by incomes between £500 and £1,500 a year; but under the curves as they now exist, it is a field that practically escapes serious war taxation.

One splendid feature of this scientific method of raising taxation, introduced with such understanding by Mr. Fisher, is the fact that the tax really begins to be operative only when it has left Ministers' salaries practically untouched. I suggest that the Government might have this point considered by the Committee of Public Accounts, or by some other competent legislative body, so that in the next Parliament we may have a more reasonable method of taxation introduced, satisfactory not only to honorable members, but also to the country as a whole. My prayers for the future are that Ministers will find that under a new system they will have to pay two or three times the amount they are paying to-day, and that the public will no longer be kept in the dark as to how far the curves in the first degree are exempting Ministerial salaries.

Sir JOSEPH COOK (Parramatta—Minister for the Navy) [10.28].—It is very inconvenient to the Government to press this matter to-night.

Mr. BOYD.—Will the Minister mind explaining the system of curves?

Sir JOSEPH COOK.—I refer the honorable member to the pages of *Hansard*, where he will find my comments and observations on this very matter at length. I think that the whole theory of having a curve of this complicated character is absurd. Whatever it may be in an accountancy examination, or as a problem in mathematics in the University, I do not think it finds an appropriate place in a schedule placed before a House such as this. If honorable members will allow the matter to go through now, they can have my assurance that it will be looked into, and that an endeavour will be made to see if a simpler schedule cannot be adopted.

Mr. HIGGS (Capricornia) [10.29].—I propose to vote against these schedules, as an indication to the Government that we protest against their failure to avail themselves of the opportunity to attack profiteering, which they have publicly denounced. On two or three occasions we have endeavoured to move amendments increasing the income tax, but they have been ruled out of order, on the ground that no private member can increase taxation. However, it is not out of order for a member of the Government to move to increase

the tax upon profiteers. There is no dictionary definition of what a profiteer is, but the public know what profiteering means. There can be no better method of getting at the profiteer than through the income tax. Notwithstanding all the difficulties there may be about mathematical curves, for which I believe Mr. Knibbs, the Commonwealth Statistician, is responsible—

**Mr. KELLY.**—For the guidance of the Department, surely it would be necessary for the honorable member to define the word "profiteer."

**Mr. HIGGS.**—The Prime Minister (Mr. Hughes) has stated that there is a great deal of profiteering going on. He is so angry with the profiteers that he has spoken of them as having got their feet in the trough. He has referred to them in opprobrious terms. He has said that he would use direct action against them if he had a chance of doing so. There is no better means of dealing with the profiteer than through the income tax. I can well believe that when the Government get the additional constitutional powers for which they are asking they will find a great deal of difficulty in deciding who is the profiteer. One wholesale merchant may buy from another and goods may pass through half-a-dozen wholesale houses before they reach the retailer. The latter may find it necessary to charge the public a high price, and he may prove that he is not getting more than a reasonable return on his capital. But by the income tax returns, the Government have a means of discovering whether a man has been profiteering, and it would be within the power of the Government to impose a penal super tax on the profiteer.

**Sir JOSEPH COOK.**—As the honorable member has shown how impossible it would be to trace the profiteer, how could he be traced for the collection of the penal super tax?

**Mr. HIGGS.**—The profiteer, like every other person in the community, has to submit a return, in which he declares his income and the sources from which he derived it. At present, if a man receives an income of £6,500 a year from property, he must pay as income tax 5s. in the £1. There are men who are earning from £20,000 to £50,000 per annum. No doubt some of them are profiteering; and

the Government might amend the schedules, in order to collect from such persons a further amount. I will not say what the amount should be; but the Government might easily insist upon the profiteer paying a further 5s., or even 10s., in the £1. The Government, with the assistance of the Income Tax Commissioner, are in a better position to judge what amount the profiteer ought to pay than a private member is. But as the Government have refused, through the Attorney-General (Mr. Groom), the Acting Treasurer (Mr. Poynton), and other Ministers, to move for any increase in the income tax, we on this side of the House propose to vote with the "Noes" on the schedules as a protest against the Government's action.

**Mr. HECTOR LAMOND** (Illawarra) [10.35].—I am not in sympathy with the proposal of the honorable member for Capricornia (Mr. Higgs) that the Government should become a partner in the profiteering that is said to be taking place. I do not think that the profiteering evil will be diminished by the Government taking 10 per cent., or 50 per cent., or even 98 per cent., of incomes thus made. The only proposition I can support is one that aims at putting the profiteer out of business entirely. The remarks of the honorable member were marked by that uncertainty which characterizes most of the speeches upon profiteering. The subject is so difficult that, up to the present time, none of the proposals made here or elsewhere for coping with it have any definiteness.

**Sir JOSEPH COOK.**—The honorable member for Capricornia (Mr. Higgs) proposes to kill the profiteer by substituting for the 75 per cent. tax on his profits which the Government collect now, a super tax of 5s. or 10s. in the £1.

**Mr. HECTOR LAMOND.**—And that suggestion follows upon the argument that, no matter what taxation the Government impose, it will be passed on. The profiteer cannot be killed in that way. This proposal comes very inappropriately from honorable members who are criticising the curve of the third degree. I can understand criticism of the curve by gentlemen enjoying big incomes, because its virtue, however cryptic it may be to some of us, is that it places a higher charge on the bigger incomes than on the

smaller ones. So far that is the only method yet devised for making a progressive increase in the tax in accordance with the increase of the income. The Victorian scale of charges is one of the most elementary I have ever seen.

Mr. BOYD.—It is clear and understandable.

Mr. HECTOR LAMOND.—But it does not do what we desire to do.

Mr. TUDOR.—The grades are too steep.

Mr. HECTOR LAMOND.—Yes; whilst the curve, on the other hand, makes a regularly increasing advance to correspond with the increase of the income. I protest against the idea that we can deal with profiteering by making this Parliament a partner in it.

Mr. TUDOR (Yarra) [10.44].—I have listened to honorable members opposite objecting, as usual, to any suggestion which emanates from this side of the House. I have no desire that Parliament shall become partners in the profiteering; but I am anxious to stop profiteering altogether.

Mr. HECTOR LAMOND.—We shall do that after the elections.

Mr. TUDOR.—A lot of the present honorable members will not be here after the elections.

Sir JOSEPH COOK.—Ryan is to be campaign director. What has the honorable member for Cook (Mr. Catts) to say?

Mr. TUDOR.—Do not worry about me. I am worrying probably less than any man in this Parliament.

Sir JOSEPH COOK.—It is for the honorable member for Cook to worry.

Mr. J. H. CATTS.—I shall co-operate with Mr. Ryan in fighting the National party.

Mr. TUDOR.—I, too, will have much pleasure in joining anybody who will help to down the crowd on the Government side. I am desirous of adopting some method of dealing with the profiteer. It is useless for honorable members to say that they will do something after the elections. They have the opportunity now of saying whether or not they intend to grapple with the problem. They will not become partners of the profiteer by merely seizing some of his ill-gotten gains. It is not proposed that he shall disgorge only 5s. in the £1. There is an income tax of 5s. in the £1 on incomes above a certain amount. There is to be

an additional tax of 25 per cent., and then a super tax of 30 per cent.; so that the maximum tax to-day is not 5s., but 8s. 3d. in the £1. There is no reason why we should not make the maximum higher. We on this side of the House cannot do that; but there is nothing to prevent the Government proposing a higher impost. Do the Government say that they will allow the profiteer to escape and continue to rob the community?

Mr. HECTOR LAMOND.—We shall say something very different to that!

Mr. TUDOR.—After the election?

Mr. HECTOR LAMOND.—When we get the power.

Mr. TUDOR.—We have complete power over taxation at the present time.

Mr. PIGOTT.—What did you do when you were in power?

Mr. TUDOR.—I have not been in power for years, but I did something that honorable members have apparently forgotten. For long I have been anxious that this Parliament should have additional powers, equal, at least, to those exercised by the Legislative Councils of the States. If the Government do not exercise their taxation powers they cannot blame the State Parliaments.

Mr. HECTOR LAMOND.—How could we distinguish between a profiteering income and an income which is not profiteering?

Mr. TUDOR.—Honorable members opposite ask for definitions, and are apparently anxious to find excuses for permitting profiteering to continue. Time after time the Prime Minister (Mr. Hughes) has told us that the cause of industrial unrest is profiteering.

Mr. HECTOR LAMOND.—The honorable member might as well propose to put an extra income tax on the proceeds of robbery.

Mr. TUDOR.—Profiteering is absolute robbery.

Mr. HECTOR LAMOND.—It is.

Mr. TUDOR.—I do not condemn a burglar who breaks into a house and takes a risk any more than I blame those people who every day are robbing people of their food. Some commodities have increased in price by 400 per cent. in the last twelve months, and the Government are not lifting a hand.

Mr. ARCHIBALD (Hindmarsh) [10.48].—I can hardly realize that the honorable member for Capricornia (Mr. Higgs) is genuine in his proposal, and I

am surprised that the Leader of the Opposition (Mr. Tudor) thinks we can deal with the profiteer by means of taxation. There is one method by which the profiteer could be dealt with provided we had the power; that is not by taking part of the profits, but confiscating the whole, leaving a Board or some authority to decide what the legitimate profit should be, probably 10 per cent. It is nice electioneering tactics to say that we on this side are not anxious to deal with profiteering. If we were stupid enough to adopt a proposal such as that before us, somebody would bring an action, and the High Court would declare the legislation illegal because some of the profiteering would be within a State, and we cannot interfere with the commerce of the State. I do not say that my method is the only one, but I think it would prove effective. It is canting hypocrisy on the part of honorable members opposite to support the proposal, seeing that we have no power to act in the way suggested. It is infamous and cruel for public men to parade their opinions, and mislead the thousands of people outside who require relief.

Mr. YATES (Adelaide) [10.50].—It is astonishing how quickly members change their opinions when they change their associates. The attitude taken up by the honorable member for Hindmarsh (Mr. Archibald) is surprising, and so are guffaws and expressions of wonderment on the part of the majority of honorable members opposite when we mention profiteering. Do honorable members opposite really wish the public to believe that there is no profiteering? If a definition of "profiteering" is required I should say that it is taking advantage of war circumstances to rob the general public. If the Government desire to know what sort of man a profiteer is, let them apply the taxation curve to him. When wages are in question, a workingman's wife has to appear in Court and swear to every penny her husband earns. The word "hypocrisy" does not come well from a man like the honorable member for Hindmarsh (Mr. Archibald), who was, perhaps, as militant and wild a person as was to be found amongst those who in 1890 desired to form a Labour party in South Australia.

Mr. LAIRD SMITH.—Is it a fact that you put up the rents of those cottages of yours?

Mr. YATES.—I must take notice of that contemptible suggestion from a man who got married to dodge going to the war, while urging others to enlist.

The CHAIRMAN (Hon. J. M. Chanter).—Order!

Mr. YATES.—I demand an opportunity to make a personal explanation, and I mean to have it.

The CHAIRMAN.—I have asked honorable members not to indulge in personalities, which only lead to disorder, and I repeat the request.

Mr. YATES.—The sinister suggestion has been made.

Mr. LAIRD SMITH.—I made no suggestion, but asked a plain question.

Mr. YATES.—The sinister suggestion has been made that I am a profiteer, inasmuch as I have raised the rents of cottages that I own. I do not know whether the mean, distorted, gnarled mind of the honorable member prompted him to make that suggestion, or some one has given him erroneous information; in any case, he will be sorry for making it. The only property I own, or partly own, in South Australia, is represented by a £50 deposit on a house, on which there is a £236 mortgage, and which is let for 10s. per week, and taking in rates and taxes and upkeep, it can be easily seen if there is any profiteering in that.

The CHAIRMAN.—Order!

Mr. YATES.—I must go further in this matter. I did have a property before I left for the war. It was a house gained through a Star Bowkett Society.

The CHAIRMAN (Hon. J. M. Chanter).—The honorable member must confine himself to a personal explanation.

Mr. YATES.—I have more than that to make.

Mr. LAIRD SMITH.—I shall satisfy the honorable member.

Mr. YATES.—I shall let the community see what the honorable member for Denison is like.

The CHAIRMAN.—I again appeal to honorable members not to indulge in personalities. As a matter of fact, owing to the interjections and conversation I am unable to hear what honorable members on either side say. I must ask the honorable member for Adelaide not to continue the personal matter, and if I hear

any personalities raised in regard to him I shall check them.

Mr. YATES.—I suggest that I be permitted very shortly to finish my explanation, which will clear me in the eyes of the public.

Mr. J. H. CATTS.—The honorable member for Denison (Mr. Laird Smith) knew that his statement was not true when he made it.

The CHAIRMAN.—I must ask the honorable member to withdraw that remark.

Mr. J. H. CATTS.—In accordance with the Standing Orders I do so; but I ask whether the honorable member for Denison is in order in making a statement which he knows to be untrue.

The CHAIRMAN.—The honorable member knows that to impute untruths to a member is a distinct breach of the Standing Orders, which I ask him to obey.

Mr. J. H. CATTS.—Can you not order a statement made by the honorable member for Denison to be withdrawn?

The CHAIRMAN.—The honorable member must withdraw his imputation on the honorable member for Denison.

Mr. J. H. CATTS.—I do so.

The CHAIRMAN.—I am informed that the honorable member for Denison imputed something to the honorable member for Adelaide. If so, I ask him to withdraw it.

Mr. LAIRD SMITH.—As a matter of personal explanation, I desire to say I made no charge against the honorable member for Adelaide.

Mr. BLAKELEY.—Is it competent, while an honorable member is making a personal explanation, for a second honorable member to rise and make a personal explanation?

Mr. LAIRD SMITH.—I wish to put this matter right. I know the honorable member for Adelaide (Mr. Yates) owns property in that city, and was informed that he had raised the rents. I asked the honorable member if that was a fact. I made no charge, but merely asked a question by way of interjection. If the honorable member had replied in the negative, I should have accepted his statement.

The CHAIRMAN.—The honorable member for Denison assures me, and the

Committee, that he made no such charge against the honorable member for Adelaide (Mr. Yates) as that honorable member thought.

Mr. YATES.—I hardly think the suggestion of the honorable member for Capricornia (Mr. Higgs) would meet the case of a "profiteer" such as myself. There may be others in the community who "profiteer" to the extent that I do. I wish to show how little revenue would be gained by taxing men who have "profiteered" in the way I have, and to expose the futility of applying the honorable member's motion to individuals like myself. I do not own any property other than what I have made known to the Committee; but before I went to the war I had a property which I acquired through the Starr-Bowkett Society. I knew that on the other side I might have no more luck than the other fellow. I have a wife and daughter, and thanks to my being here, I have been able to buy a place for my wife, and she can do what she likes with it. I live in it, and that is sufficient for me; but before I left for the Front, I made the other house over to my girl, so that the lawyers should not be able to cut into it if I was knocked over.

That is the extent of my "profiteering." I was worth a few pounds, and my sister had about £50, which she put into a war loan bond. She had reared my daughter, and I knew if the money was not tied up she would spend it on that girl. That is why I advised her to put it into the war loan; but I bought that bond from her before I went away, because if I was knocked over, all I subscribed to my sister and my dad would be gone, and she would have to work for my father. Rather than see her stuck with a war loan bond, and have to sell it or sacrifice the interest, I said to her, "I will buy your war loan bond and put your money in the bank." I did so. At the same time, a gentleman whom we all know wanted to negotiate a £30 war loan bond. He came to me and asked me if I would buy it. I did so, so that I had £80 in war loan bonds, and that is one-third of the wealth that I possessed. That bond lies in the Commonwealth Bank in Adelaide. They asked me where they should pay the interest. I said, "Pay it back to the Commonwealth. I do not want any interest on my money from my country." That

is the extent of my "profiteering." I own no property, and I gave one-third of my wealth back to the Commonwealth, with the interest on it, while at the same time I offered my services to my country. Now I dare any contemptible individual to ask me how I "profiteered" during the war. I did not want to tell honorable members about these private matters, but I have been forced to do so. I have always held that money should be lent to the Commonwealth free of interest for war purposes.

The honorable member for Hindmarsh (Mr. Archibald) says we are parading this matter merely for political purposes. One of his confreres, the late Gregor McGregor, was working for 6s. per day on the St. Kilda-road embankment, on relief works, when he first entered the Labour movement. Those men knew what it was to be "down and out"; they knew what low wages were. We have no need to parade these things for election purposes. The Government are doing it for us. The very guffaws that come from the Ministerial side when profiteering is mentioned will be sufficient to show the electors the true state of things when the Government go to them with the Constitution Alteration Bills, saying "These are the same as the Labour party offered you." The people know they are not the same. They know the Government do not intend to use them, and that they dare not squelch the force that keeps them in power to-day. The Prime Minister (Mr. Hughes) may glibly talk about it, saying that he will "damn the profiteer," horse, foot, and artillery, and get his claws into them. No, he will not; he will do that to the electors after he has their votes. I say this advisedly, because the Government passed a wartime profi's tax, and the honorable member for Hindmarsh still advocates it. In the first year, £600,000 was derived from that tax. Do the Government mean to say that those are all the war profits that were made in that year? In the next year, £1,200,000 odd was received. Are those all the profits that were made? It is anticipated that in 1920 the receipts from that tax will be £2,200,000. Is that the best the Government can do to stop profiteering? They are not sincere on it. This motion, bald as it is, will test them. The hon-

orable member for Henty (Mr. Boyd), at the time the war-time profits tax was introduced, said the best way to do it was by means of the income tax, as the machinery was all there, and it would be cheaper. I believe the honorable member was right; but it will not catch the profiteers. I agree with the honorable member for Illawarra (Mr. Lamond) that you cannot suppress the profiteer by becoming his partner, because you are in the swim with him. You have to swear that he is as good as you are, because he is paying you to say so. The only way is to be honest and honorable. Instead of paying men blood-money for carrying on the war, the only way will be to try to get a few patriots, when they have money they do not want, to let the Commonwealth have it and use it. In other words, you will have to start at the fountain-head in this sort of business, and it will have to be the banks. Whatever the honorable member for Hume (Mr. Falkiner) may say about it, there is one thing on record to the credit of the Labour party—that the Commonwealth Bank was started on nothing, and is now a good profit-earning concern, insuring the stability of the Commonwealth. The Commonwealth note issue, although the honorable member may call it borrowing on the credit of the community without paying for it, is, nevertheless, a community utility, and as such should be used and extended to succour the Commonwealth at this time. I should not have spoken if honorable members had not tried to create the impression that every action we take is prompted by the desire to win the next election. If the Labour party stand by their ideals, notwithstanding their sins of omission in the past, they will have no need to do any window-dressing or cajoling to gain votes, because next time the electors will return us to power.

**Mr. BAYLEY (Oxley)** [11.8].—I wish to call attention to an anomaly in the Bill. A single man with dependants is allowed to make a deduction for them. When he marries, he is not allowed to do so. It seems to me that a man who marries and has dependants in the shape of a mother, brothers, sisters, or other relatives, should still be allowed to make a deduction for them from his taxable income.

Question—That the schedules be agreed to—put. The Committee divided.

Ayes ... 33

Noes ... 15

Majority ... 18

AYES.

Abbott, Lt.-Colonel	Leckie, J. W.
Archibald, W. O.	Livingston, J.
Atkinson, L.	Lynch, J.
Bamford, F. W.	Mackay, G. H.
Bayley, J. G.	Maxwell, G. A.
Bruce, S. M.	McWilliams, W. J.
Burchell, R. J.	Orehard, R. B.
Cook, Sir Joseph	Pigott, H. R. M.
Corser, E. B. C.	Poynton, A.
Foster, Richard	Sinclair, H.
Glynn, P. McM.	Smith, Laird
Greene, W. M.	Spence, W. G.
Gregory, H.	Webster, W.
Groom, L. E.	Wise, G. H.
Jowett, E.	Tellers:
Kelly, W. H.	Story, W. H.
Lamond, Hector	Thomson, John.

NOES.

Blakeley, A.	Page, J.
Boyd, J. A.	Riley, E.
Catts, J. H.	Tudor, F. G.
Charlton, M.	West, J. E.
Fenton, J. E.	Yates, G. E.
Finlayson, W. F.	Tellers:
Higgs, W. G.	Mathews, J.
Maloney, Dr.	Watkins, D.

Question so resolved in the affirmative.

Schedules agreed to.

Title agreed to.

Bill reported without amendment; report adopted.

THIRD READING.

Motion (by Mr. POYNTON) proposed—That this Bill be now read a third time.

**Mr. GREGORY** (Dampier) [11.14].—I want to impress on the Government the absolute necessity of taking immediate action, in order that every effort may be made to get into line with the States in the matter of income tax returns, so as to save the enormous waste of energy, time and money now incurred through two separate returns having to be filled in.

**Mr. POYNTON**.—I can assure the honorable member that we are trying to do all we can in that respect now.

**Mr. GREGORY**.—I want the Commonwealth to make a small concession. When the last Conference of the Commissioners or Deputy Commissioners from the various States was called, a certain line of action was agreed upon, but the Commonwealth afterwards departed entirely from the agreement. The Government may have

to give a little away, but the existing arrangement means such a serious impost on the taxpayers generally that I hope every effort will be made to enable the Commonwealth and the States to fall into line.

**Mr. TUDOR** (Yarra) [11.15].—I should be glad to obtain from the Acting Treasurer (Mr. Poynton) some information in regard to the fourth schedule, which provides—

RATES OF TAX UPON THE INCOME OF A COMPANY.

(a) For every pound sterling of the taxable income of a company which has not been distributed to the members or shareholders of the company the rate of tax shall be 2s. 6d.

(b) For every pound sterling of the income of a company distributed to the members, shareholders, or stockholders of the company who are absentees, and of interest paid or credited by the company to any person who is an absentee, in respect of debentures of the company, or on money lodged at interest with the company by such person, the rate of tax shall be 8d.

I wish to know whether absentees pay a lower rate than that imposed on taxpayers resident in Australia. On the face of it this schedule appears to be capable of that construction, and, if so, it is a most inequitable provision. An absentee might be drawing an income of £5,000 a year out of Broken Hill interests. If he were in Australia he would pay income tax at the rate of 8s. 3d. in the £1.

**Mr. KELLY**.—The absentee would pay that rate plus the flat rate.

**Mr. TUDOR**.—According to paragraph b it would appear that he would pay a rate of only 8d. I can hardly believe that to be correct, since the taxaton officers are careful that every taxpayer pays his due. We have in the Commissioner of Taxation, Mr. Ewing, an excellent officer, and he takes care that no one escapes.

**Mr. POYNTON**.—The tax of 8d. is collected from the company, and the balance is collected from each individual.

**Mr. TUDOR**.—I am glad to have that assurance. I have only, in conclusion, to express my regret that we were not successful in carrying some of the amendments moved by members of our party, since I believe they would have materially improved the Bill.

**Mr. BOYD** (Henty) [11.18].—At an earlier stage a promise was made on behalf of the Government that before the next Income Tax Bill was brought down the schedules would be looked into. I

hope that that promise means that the schedules will not only be looked into, but so amended that in passing them we shall know what we are doing.

Sir JOSEPH COOK.—I hope so.

Mr. BOYD.—I have taken exception to the schedules, not only on this occasion, but every time that an Income Tax Bill has been before the House. We now have the promise of the Minister for the Navy (Sir Joseph Cook) that the matter will be looked into, and since he has expressed his hostility to the present means of ascertaining the tax payable by any taxpayer, we may hope that we shall have next year an Income Tax Bill that we can understand.

Question resolved in the affirmative.

Bill read a third time.

### SUGAR INDUSTRY COMMISSION BILL.

Bill presented, and (on motion by Mr. GREENE) read a first time.

### PAPERS.

The following papers were presented:—  
Taxation of leasehold estates in Crown lands  
—Report of the Royal Commission.

Ordered to be printed—

Defence Act.—Regulations amended.—Statutory Rules 1919, Nos. 236, 237, 240, 242.  
War Precautions Act.—Regulations amended.  
—Statutory Rules 1919, No. 241.

### ADJOURNMENT.

#### TREATMENT OF CONSUMPTIVE SOLDIERS.

Motion (by Mr. POYNTON) proposed—

That the House do now adjourn.

Mr. KELLY (Wentworth) [11.20].—I wish to direct the attention of the Assistant Minister for Defence (Mr. Wise) to a matter of considerable urgency, and to ask him, if he can, to make a statement on the subject to-morrow. Some time ago the Red Cross of New South Wales sought to establish in the municipality of Randwick a hospital for consumptive soldiers. After some discussion that proposal was turned down. Recently I heard in Sydney that the Defence Department had granted one of its buildings at Randwick for this purpose, and that a hospital for the treatment of consumptive soldiers was to be established there. I am not at all concerned with the interests of Randwick in this matter, but I am vitally concerned with the wel-

fare of returned soldiers. On hearing of the action that had been taken, it occurred to me that it was certainly foreign to the practice, as I understood it, to place consumptives close to the sea coast if you wished for their recovery. I immediately rang up the Department's principal Medical Officer in New South Wales, and he eventually gave me information on two points. He said, in the first place, that modern experience in medical practice was that consumption in its final stages was best treated on the sea-coast; and he told me, secondly, that the soldiers in question who were supposed to be in the final stages of the disease were deeply appreciative of the Department's kindness in giving them this chance of passing their concluding hours near the sea-coast, where they could best be treated, and where they could best be seen by their friends. I asked the Principal Medical Officer how he could possibly say when a case of consumption was in its final stages. I had a brother who, many years ago, was given exactly three weeks to live by the highest consultant authority at that time in England. He lived, however, for ten years, and would have been living to-day but that he took risks. He set out on a tour in the East, and went to pieces.

I was not satisfied with this statement of the Principal Medical Officer, and the first step I took was to ring up the secretary of the Returned Soldiers Association in Sydney. I asked him to make discreet inquiries amongst the soldiers themselves, in order to test the accuracy of the statement that they were deeply appreciative of the action of the Department in arranging for their treatment on the sea-coast. He intimated to me two days later that 75 per cent. of these men deeply resented this action. They wanted to go to the mountains, where they thought they had a better chance of regaining their health, and they believed that they were prevented from going to the mountains because certain places there had been occupied for a long time by men who had not been to the war. I then went further, and asked a medical man, whose practice places him in a position to know, how the consumptive patients were faring at North Head, another place near Sydney, close to the sea. I was told by that doctor that they were not faring well.

Owing to the pressure brought in opposition to this proposition, the matter has been referred to the Sydney Health Board. I took steps some weeks ago to bring before that Board the result of my investigations. I showed the Board, through the Minister of Health, that the statement as to the men desiring the present arrangement was false, and that, therefore, they should not be predisposed to allow this arrangement to be carried out on the ground that the soldiers wanted it. The only excuse that could be offered for having this hospital in Sydney is that the men in the final stages of the disease would thus be near their relatives. But they do not all come from Randwick or Sydney. I suggest to the Defence Department that, where a man who is thought to be in the final stages of consumption wants to be near his relatives, and they reside on the sea-board, he should be treated there; but where they are in the country, let the Department take for that man a private ward in the local hospital, and treat him as well as he can be treated in that hospital near to his friends and relatives. I do not take a pessimistic view, nor would I accept, any more than a doctor would accept, any final verdict as to a person suffering from consumption.

Mr. BURCHELL.—There are many cases which go to prove the wisdom of not doing so.

Mr. KELLY.—There are. I would urge the Department to make every possible provision for the accommodation of these men on the Blue Mountains. There we have the finest climate in the world for the treatment of the disease, and these men deserve every possible consideration. I hope the Minister will not

think I am speaking on behalf of the municipality of Randwick. If I thought it would be to the welfare of these men to be there, I should not utter one word of protest, because the welfare of the men who have served us is more to me than the interests of any municipality. I ask the Minister to look into the matter urgently, so that, even if he cannot make a statement in regard to it to-morrow morning, he will, at least, be able to give the House an assurance before it rises that the interests of these men will be safeguarded.

Mr. BURCHELL (Fremantle) [11.27].—I desire to support all that has been said by the honorable member for Wentworth (Mr. Kelly), and I hope that the Minister will do what he suggests in regard to consumptive soldiers, not only in New South Wales, but in Western Australia. The State Government of Western Australia has removed all tubercular patients from the coast to the hillside, and has established at Wooroloo a sanatorium for the treatment of tubercular diseases of every kind. I ask the Assistant Minister for Defence to have inquiries made, and to see that no returned soldier in Western Australia who is suffering from lung trouble is allowed to remain on the sea-coast.

Mr. WISE (Gippsland—Assistant Minister for Defence) [11.29].—I thoroughly agree with all that has been said by the honorable member for Wentworth (Mr. Kelly) and the honorable member for Fremantle (Mr. Burchell), and will have urgent inquiries made to-morrow morning.

Question resolved in the affirmative.

House adjourned at 11.30 p.m.,

# Members of the House of Representatives.

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D. F. LUMSDEN,  
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\* Discharged from attendance, 22nd May, 1918.

† Appointed 29th May, 1918.

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\* Appointed 17th July, 1919.